

# ANNUAL REPORT



2017

# The Big Picture

PT PERUSAHAAN GAS NEGARA (Persero) Tbk



PGN operates natural gas distribution systems in Indonesia's main population centers. The company supplies natural gas for electrical power generation, with additional business lines in transportation, commercial, industrial and residential. PGN's flexible infrastructure delivers energy throughout the Indonesian archipelago.

**Gelora Bung Karno.**

In 2018, Indonesia will throw Asian Games event - bringing "Energy of Asia" tagline as its theme, in Jakarta and Palembang, the cities to which PGN distributes natural gas energy to bring them into life. In the future, the use of energy in both cities as well as in other regions in Indonesia will keep increasing along with the economic growth in Indonesia.



***It takes a  
lot of energy***

***to drive Indonesia's long-  
term economic growth.***

And PGN is putting it in the picture. We've transformed ourselves from a natural gas transmission and distribution company into a provider of integrated energy solutions.

***PGN  
Group's  
Big Picture  
Thinking***



is fueling homes, businesses, industries, and whole communities throughout Indonesia, supporting our customers'—and our country's—growing prosperity.

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# From Smart Energy to Smart Cities

**A better concept for modern living**

Governments and urban planners around the world are looking for ways to improve quality of life, make the environment healthier, and use energy efficiently. The Smart Cities movement has become global in scale, and PGN is an active participant. PGN is providing Indonesia's power grid with its cleanest fuel for generating base-load electricity. PGN is also focusing its engineering and entrepreneurial expertise to develop wholly new business opportunities. In the pages that follow, we explore a few of PGN's many innovations:

- developing energy efficient housing,
- expanding CNG powered fleets and fueling stations.
- smart energy programs at city and regional levels.
- mobile payment systems for homeowners and business owners.
- Pioneering national standards for certifying engineers.



Smart City  
Initiative Objectives



energy efficiency



Green Space



Healthy Living



Low Carbon Lifestyle



Environmental  
Preservation







PGN MAS announced Indonesia's first ever development of Smart Homes in 2017. Located in the Vida Bekasi area, each of the 350 units has 1,300 VA solar panels, completely underground utilities including fiber optic, an integrated PGN gas network and energy efficient design throughout.



## THE BIG PICTURE

# From Fixed Infrastructure to Mobile Energy Solutions

Most Indonesians reside in areas that are difficult to reach with gas pipelines for reasons of economic viability. However, it does not prevent PGN from distributing gas using CNG that is tailored to their needs. This innovative solution enables additional margins and coverage of the range of gas distribution.

On the other hand, this innovation encourages the achievement of national goals to empower the national economy. This service has targeted medium-sized gas holders, but also means with PGN's capabilities, this solution can be upgraded to channel gas to large corporations. This Moving Energy Solution still has not contributed greatly to current income, but with high growth, this solution seems to be making a big contribution in the future.

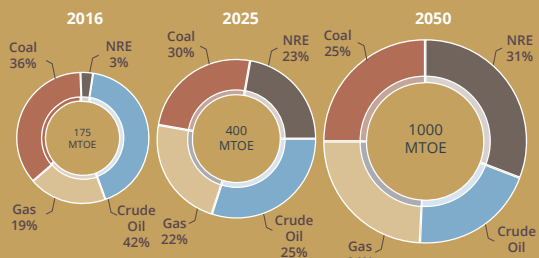
GasLink distributes high quality natural gas to one of the chain restaurants in an area that not covered by a gas network using CNG (GasLink).

This solution provides a lot of growth potential for new culinary, employment and community businesses.





### CURRENT AND PROJECT ENERGY MIX



Source: 2014 NEP, BP Statistical Review of World Energy 2017, PwC Analysis  
<https://www.pwc.com/id/en/energy-utilities-mining/assets/power/power-guide-2017.pdf>

Natural gas power generation is expected to double by 2026 (in TWh terms) from 25.8% of the overall mix in 2017 to 26.7% in 2026. Natural Gas consumption may be higher if renewable energy targets cannot be met on time.

Source: PriceWaterhouseCoopers Power Guide 2017  
<https://www.pwc.com/id/en/pwc-publications.html>





## THE BIG PICTURE

# From Technology to Customer Benefits

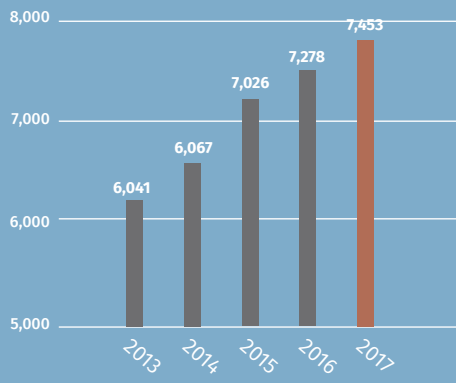
PGN is using technology across all its business lines to in many innovative ways.

- For retail customers, a plurality of ways open an account and pay for services, from kiosks to in-store to mobile apps.
- For business customers, technology means PGN account managers can make individually customized decisions quickly.
- For electrical power generation, PGN's advanced system management technology ensures flexibility, reliability, and safety.
- For all customers, our enhanced archiving of records increases accuracy and reduces response time. PGN's guiding principle for technology is that it should make customer's lives easier, more predictable, and society more sustainable.





PIPE LENGTH (km)



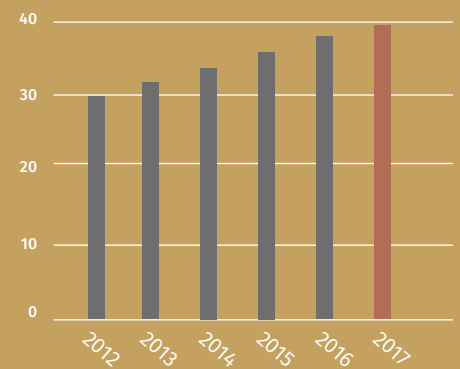
## **From Marketing to New Markets**

PGN markets energy services for communities of all sizes. Our challenge is to have infrastructure in place so energy is available when a market is ripe for expansion. PGN's decades of service give us the financial and network management experience needed to 'right-size' infrastructure at the optimum scale.



### **PGN'S AREA OPERATION**

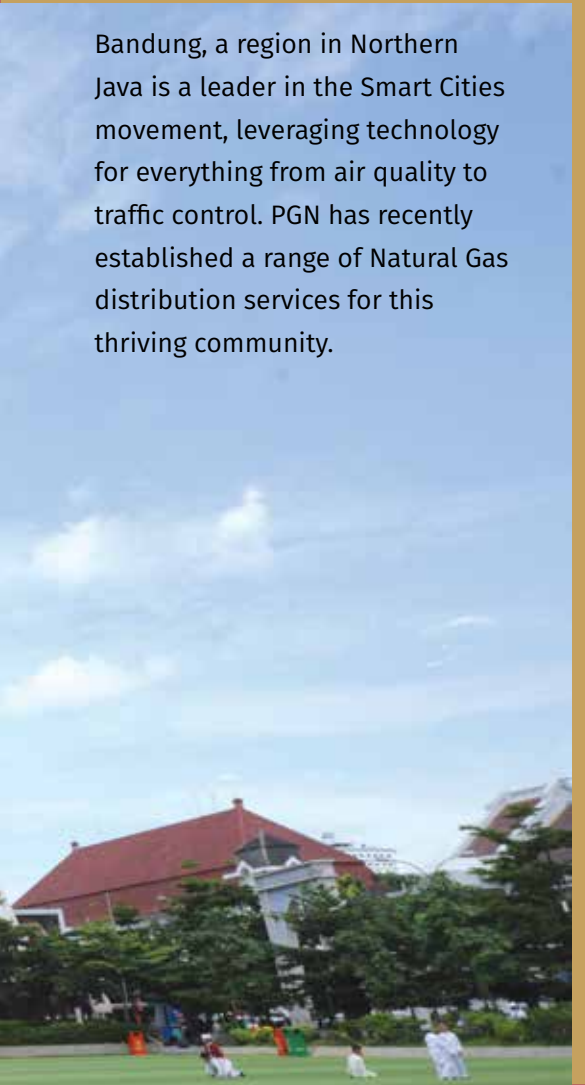
City/Region





PGN's customer base continues to grow. PGN's constant innovation is a big contributor—developing new delivery systems to reach new and underserved communities. Great customer satisfaction helps too, resulting in low account turnover.

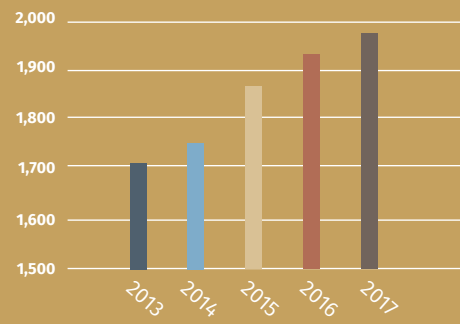
Bandung, a region in Northern Java is a leader in the Smart Cities movement, leveraging technology for everything from air quality to traffic control. PGN has recently established a range of Natural Gas distribution services for this thriving community.





### NUMBER OF COMMERCIAL CUSTOMERS

Population







## 🌐 THE BIG PICTURE

### ***From Customer Service to Customer Partnerships Now, a wider range of solutions***

For the past 50 years, PGN has strengthened its energy business by investing in upstream oil and gas, mid-stream transmission and downstream distribution. Today, those investments have solidified into the PGN Group. It's no longer about natural gas flowing through a pipeline anymore. It's about bringing together gas supply, gas infrastructure, derivative gas utilization, engineering, operations and maintenance, and other supporting systems to serve their customers—when, how and where they need energy. By integrating the assets and expertise bound within its six subsidiaries, The PGN group is unlocking new synergies across its enterprise, enabling it to develop effective solutions for customers' specific energy needs.

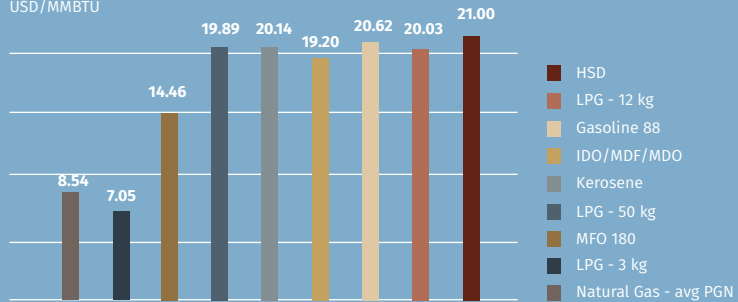


PGN provides customer support tailored to each market to ensure that each account gets the maximum competitive advantage and greatest safety from their energy uses.



### PGN AVERAGE SELLING PRICE

USD/MMBTU



## ***From Energy delivery to Energy Entrepreneurship*** ***Supporting entrepreneurs with customized services***

Food truck is a growing business in various regions in Indonesia. PGASSOL has created an innovative vehicle equipped with natural gas to fuel cooking equipment in food trucks, generators for power sources, and also to run the engine itself. Having succeeded on a pilot project in 2016, PGASSOL is now working to increase the scale of the food truck business to become a seller, provider for rentals and joint venture options with owners. The big imagination is to combine the expertise of the entire business unit with customer needs, from the smallest gas users to the development of gas infrastructure for the entire community.

Food truck PGASSOL became a benchmark for the development of food truck business in Jakarta, because the use of integrated energy sources started for cooking, up to small scale electricity generation.



## ***From Employee Training to National Certification Standards***

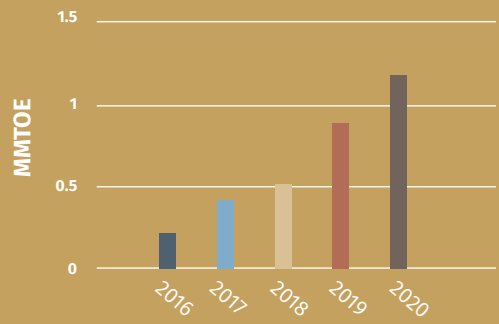
PGN has always placed a high premium on safety and technical excellence. As part of our big picture thinking, we have in depth training programs for engineers, developed over decades. This means our employee retention and occupational safety records are very strong. In 2017, PGN's certification program was adopted this year as a national standard for all engineers in the natural gas industry. This gives us a competitive edge in attracting top quality engineers. It's also an important validation of management's strategy of using technical leadership to strengthen marketplace perception of PGN as a dependable brand.







### GAS FOR TRANSPORTATION



Source: Peraturan Presiden Mo. 22 Year 2017





## THE BIG PICTURE

### **From CNG vehicles to Clean Fuel Fleets**

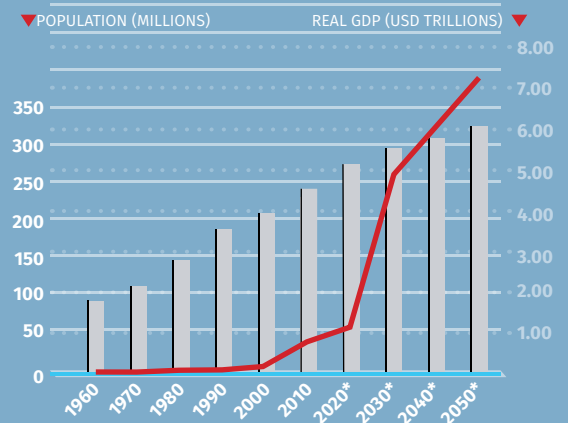
#### **Clean transport gains a place in National Energy Policy**

CNG is significantly lower carbon output per passenger mile than other fuels. Natural gas is ideal for public transit and fleets, where vehicles return to a central location daily for fueling and maintenance. PGN plays an important part in the sector, innovating with professionally staffed fueling stations and automated payment systems. While CNG powered vehicles make up only a small part of the transportation sector, they are a part of coordinated energy and air quality policies for the nation.

Indonesia's National Energy Plan (RUEN) establishes a goal of 632 CNG filling stations in Indonesia.



## INDONESIA: A LONG TERM GROWTH MARKET



Demographic trends suggest Indonesia's GDP will rise faster than population for the next 3 decades.

— Real GDP (source: WorldBank, Trading Economics & PwC 2017 forecast)

■ Population (source: United Nations & Worldometer)

\* Projected







## ***From Today to Tomorrow***

### ***A vital stake in Indonesia's future***

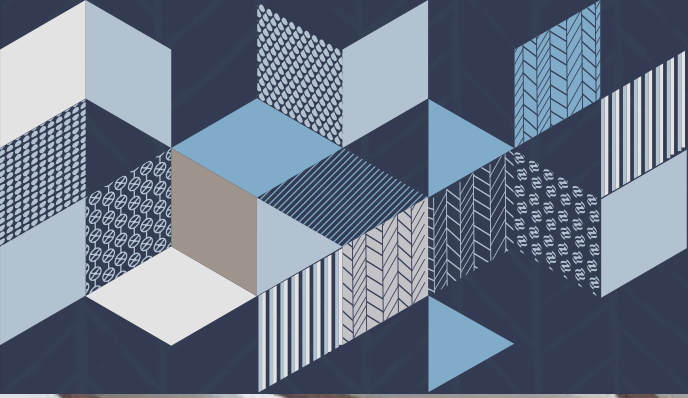
Indonesia's prospects for sustained growth are excellent. With more than 250 million citizens, rising educational levels and a growing consumer class, demand for all forms of energy is strong enough to support sustained infrastructure investment. PGN is exceptionally well positioned to grow its core business supplying fuel for power generation, while serving many niche markets with high value-added services. As a core component of Indonesia's national energy plans, Natural Gas use will grow with Indonesia for many decades to come.



PGN's focus on the Big Picture thinking extends to environmental, educational, civic and commercial concerns. Since our founding, PGN and Indonesia have come a long way together, and there is still dramatic potential for further growth. PGN is laying the groundwork for national prosperity.







**There are more than 10 billion PGN shares** distributed and exchanged on the Indonesia Stock Exchange, encoded as 'PGAS'. For the past several years, PGAS shares have shone as one of the most marketable instruments on the Indonesia Stock Exchange.

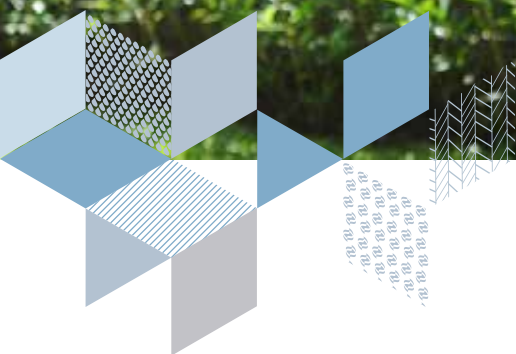
# 01



## PERFORMANCE OVERVIEW



## PERFORMANCE OVERVIEW



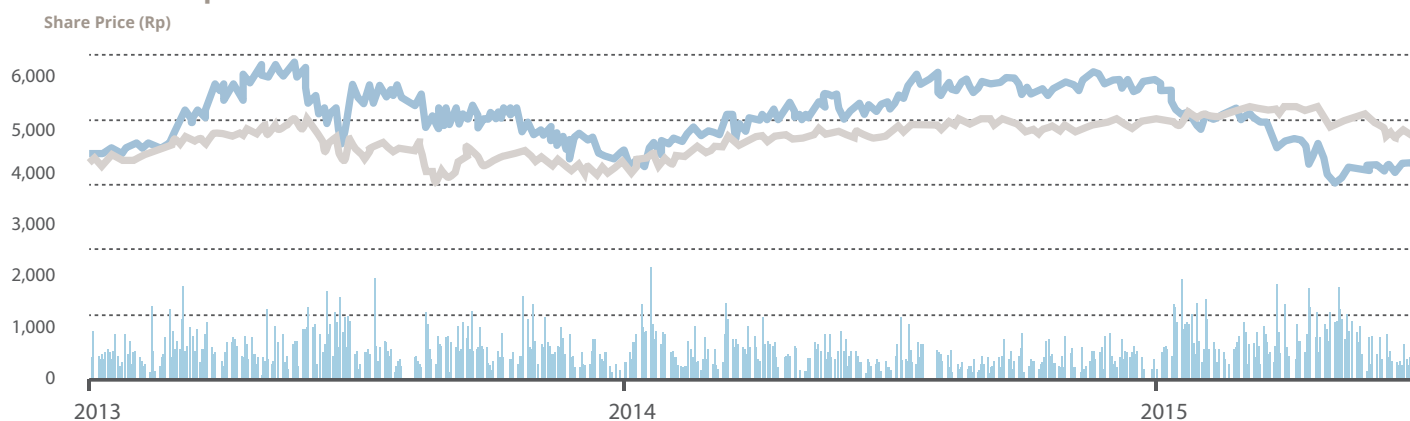
In the midst of an industry that is facing a challenge to recover from global economic pressures, in 2017 PGN posted revenues of USD2,969 billion and EBITDA of USD830 million increased compared to the previous year.

## FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME					
	2017 USD (Audited)	2016 USD (Audited)	2015** USD (Audited)	2014* USD (Audited)	2013 USD (Audited)
Net Revenues	2,969,591,811.00	2,934,778,710.00	3,068,790,845.00	3,253,388,634.00	3,001,516,630.00
Cost Of Revenues	(2,172,360,007.00)	(2,047,838,771.00)	(2,105,680,228.00)	(1,967,906,099.00)	(1,583,854,969.00)
<b>Gross Profit</b>	<b>797,231,804.00</b>	<b>886,939,939.00</b>	<b>963,110,617.00</b>	<b>1,285,482,535.00</b>	<b>1,417,661,661.00</b>
Other income	36,872,991.00	62,126,336.00	94,536,121.00	48,492,738.00	27,023,658.00
Distribution and transmission expense	(237,150,171.00)	(220,401,617.00)	(201,231,465.00)	(224,976,796.00)	(292,558,975.00)
General and administrative expense	(202,506,628.00)	(234,003,179.00)	(190,418,733.00)	(208,194,851.00)	(216,617,353.00)
Other expenses	(17,431,512.00)	(50,419,256.00)	(108,753,637.00)	(43,483,142.00)	(2,156,558.00)
<b>Operating Profit</b>	<b>377,016,484.00</b>	<b>444,242,223.00</b>	<b>557,242,903.00</b>	<b>857,320,484.00</b>	<b>933,352,433.00</b>
Other income (expenses)	(101,466,462.00)	(59,257,077.00)	(119,878,320.00)	70,845,685.00	132,387,542.00
<b>Profit Before Income Tax Expense</b>	<b>275,550,022.00</b>	<b>384,985,146.00</b>	<b>437,364,583.00</b>	<b>928,166,169.00</b>	<b>1,065,739,975.00</b>
Income tax expenses	(127,766,011.00)	(76,401,230.00)	(34,605,679.00)	(217,142,701.00)	(227,938,102.00)
<b>Profit For The Year</b>	<b>147,784,011.00</b>	<b>308,583,916.00</b>	<b>402,758,904.00</b>	<b>711,023,468.00</b>	<b>837,801,873.00</b>
Other Comprehensive Income (Loss)					
Changes in fair value of available-for-sale financial assets	1,833,180.00	3,921,377.00	(2,297,573.00)	7,258,618.00	(15,767,821.00)
Remeasurement of post-employment obligation	(5,819,823.00)	1,858,302.00	21,281,308.00	(4,219,314.00)	24,109,106.00
Difference in foreign currency translation of subsidiaries' financial statements, net of tax	2,461,412.00	885,148.00	(3,131,231.00)	(1,118,323.00)	(14,010,436.00)
<b>Total other comprehensive income</b>	<b>(1,525,231.00)</b>	<b>6,664,827.00</b>	<b>15,852,504.00</b>	<b>1,920,981.00</b>	<b>(5,669,151.00)</b>
<b>Total comprehensive income for the year</b>	<b>146,258,780.00</b>	<b>315,248,743.00</b>	<b>418,611,408.00</b>	<b>712,944,449.00</b>	<b>832,132,722.00</b>
Profit For The Year Attributable To:					
Owners of the parent entity	143,146,347.00	304,324,421.00	401,199,880.00	711,179,798.00	804,450,586.00
Non-controlling interests	4,637,664.00	4,259,495.00	1,559,024.00	(156,330.00)	33,351,287.00
<b>Total</b>	<b>147,784,011.00</b>	<b>308,583,916.00</b>	<b>402,758,904.00</b>	<b>711,023,468.00</b>	<b>837,801,873.00</b>
Total Comprehensive Income For The Year Attributable To:					
Owners of the parent entity	141,696,158.00	310,669,477.00	416,193,057.00	712,932,890.00	798,164,240.00
Non-controlling interests	4,562,622.00	4,579,266.00	2,418,351.00	11,559.00	33,968,482.00
<b>Total</b>	<b>146,258,780.00</b>	<b>315,248,743.00</b>	<b>418,611,408.00</b>	<b>712,944,449.00</b>	<b>832,132,722.00</b>
<b>EBITDA</b>	<b>830,406,211.31</b>	<b>807,374,808.93</b>	<b>951,221,280.00</b>	<b>1,114,474,001.00</b>	<b>1,120,408,710.00</b>

\*restated \*\* reclassified

## PGAS and Composite Index Price Movement 2013-2017





### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2017 USD (Audited)	2016 USD (Audited)	2015** USD (Audited)	2014* USD (Audited)	2013 USD (Audited)
Total Assets	6,293,128,991	6,834,152,968	6,495,022,261	5,689,567,974	4,318,010,538
Total Liabilities	3,106,216,112	3,663,959,634	3,472,218,207	2,814,097,930	1,646,866,662
Total Equity	3,186,912,879	3,170,193,334	3,022,804,054	2,875,470,044	2,671,143,876
Capital Expenditure	231,197,413	433,245,372	789,756,429	1,891,326,349	880,741,897
Net Working Capital	1,341,386,925	1,309,302,342	1,055,210,656	1,065,840,731	894,396,119
Total Investments in Associated	386,402,243	427,438,815	387,948,711	348,539,492	95,331,310

\*restated \*\* reclassified

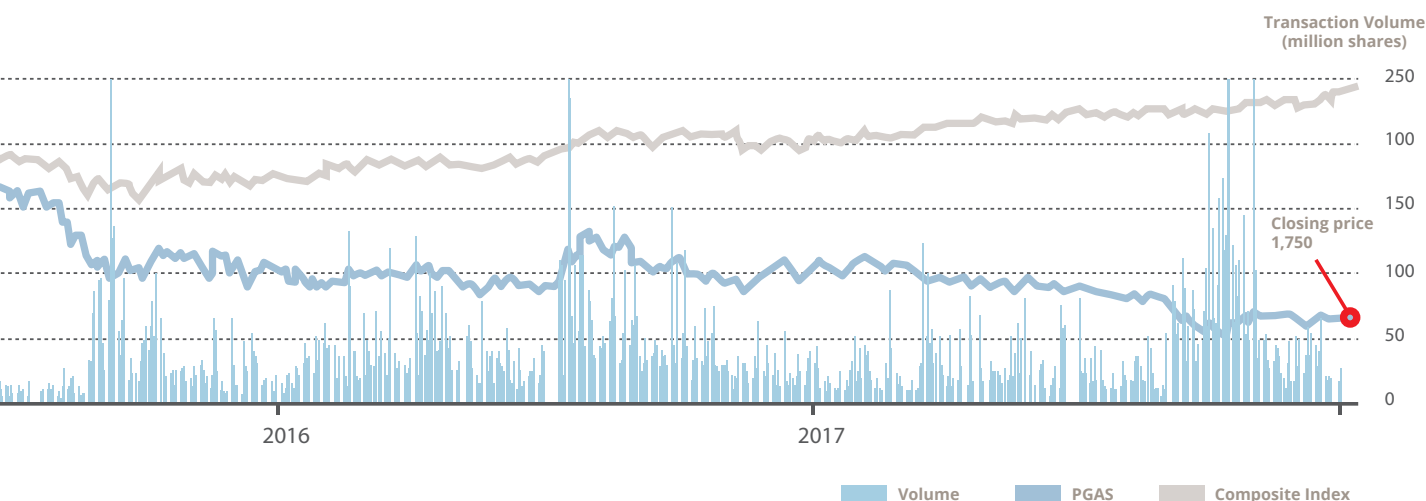
### FINANCIAL RATIOS

	2017	2016	2015**	2014*	2013
Gross Profit Ratio (%)	26.85	30.22	31.38	39.51	47.23
Profit (loss) to revenues ratio (%)	4.84	10.37	13.07	21.86	26.80
EBITDA Margin (%)	27.96	27.51	30.67	34.26	37.33
Net Debt/EBITDA (X)	1.56	1.89	1.60	0.56	0.00
EBITDA/Interest Expense (X)	10.77	6.10	8.81	16.03	51.25
EBITDA/Interest Expense + Principal Loan (X)	0.59	3.18	5.03	8.51	8.42
Current Ratio (%)	387.44	287.88	258.12	259.28	200.93
Debt to Equity Ratio (%)	75.07	91.56	89.61	64.44	38.41
Debt to Asset Ratio (%)	38.02	42.47	41.71	32.57	23.76
Profit (Loss) to Asset Ratio (%)	13.20	11.81	14.49	19.59	25.95
Profit (Loss) to Equity Ratio (%)	4.72	10.62	15.30	32.86	43.09
ROCE (%)	6.63	7.93	11.57	18.90	25.25
Price to Net Earning per Share Ratio (X)	22.08	16.23	12.18	16.65	11.21
Price to Book Value Ratio (X)	1.00	1.56	1.62	4.12	3.62

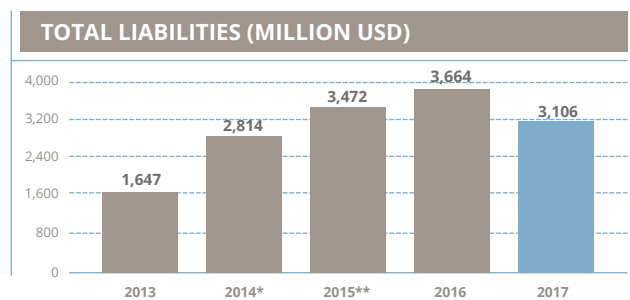
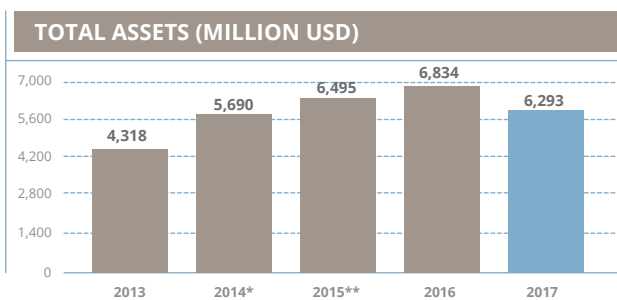
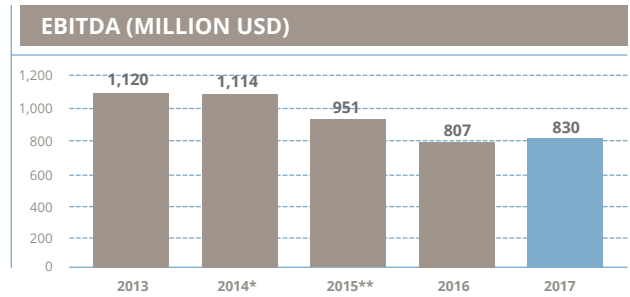
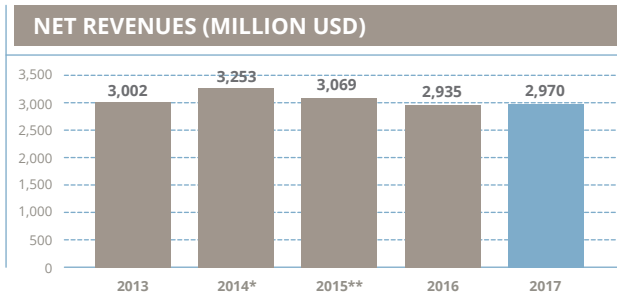
### SHARES DATA

	2017 USD (Audited)	2016 USD (Audited)	2015** USD (Audited)	2014* USD (Audited)	2013 USD (Audited)
The Weighted Average Number	24,241,508,196	24,241,168,169	24,239,658,196	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	0.01	0.01	0.02	0.03	0.03

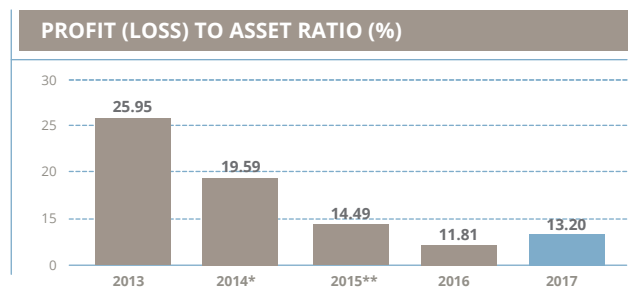
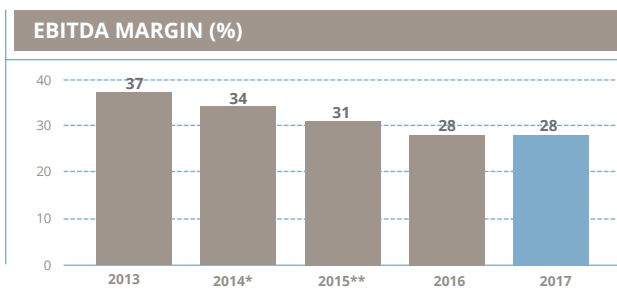
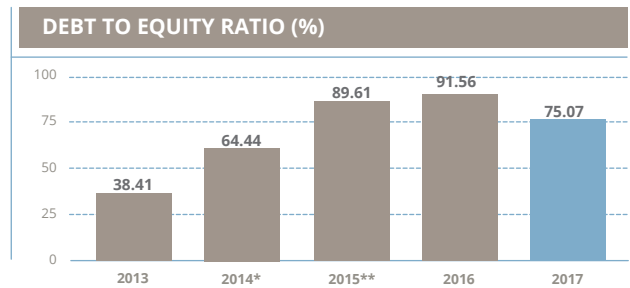
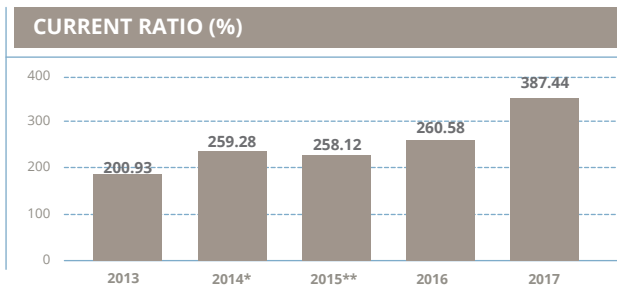
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## FINANCIAL PERFORMANCE

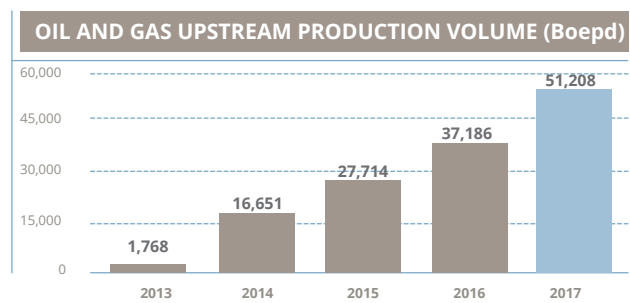
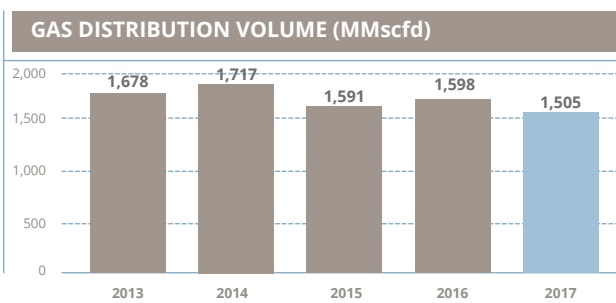
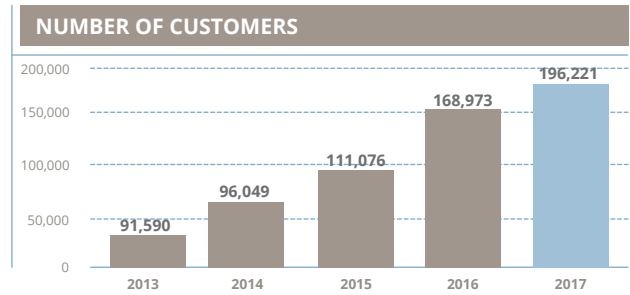
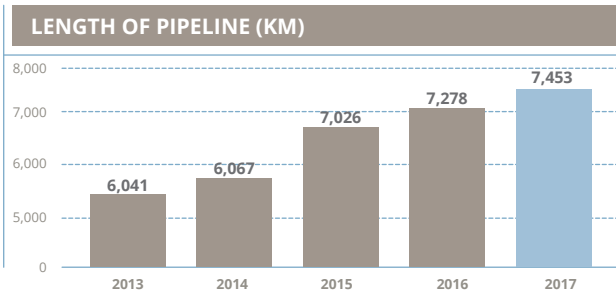


## FINANCIAL RATIOS

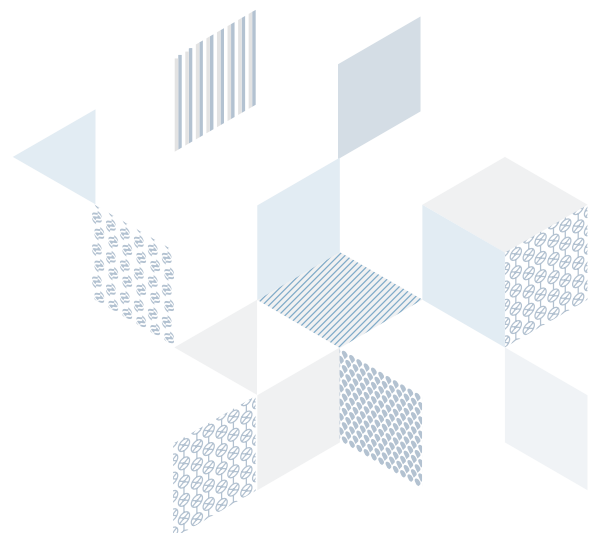


\* restated \*\* reclassified

## OPERATIONAL PERFORMANCE



OPERATION HIGHLIGHTS							
No	Description	Unit	2013	2014	2015	2016	2017
1	<b>Volume</b>						
	Distribution Volume	Bbtud	823	865	802	803	772
	Transmission (incl TGI&KJG)	Mmscfd	854	852	789	795	733
	Oil & Gas Production (Upstream)	BOEPD	1.768	16.651	27.714	37.186	51.208
2	<b>Number of Customers Natural Gas</b>		91.590	96.049	111.076	168.973	196.221
3	<b>Gas Station SPBG &amp; MRU</b>	Unit	2	7	9	14	16
4	<b>Pipeline</b>	Km	6.014	6.067	7.026	7.278	7.453

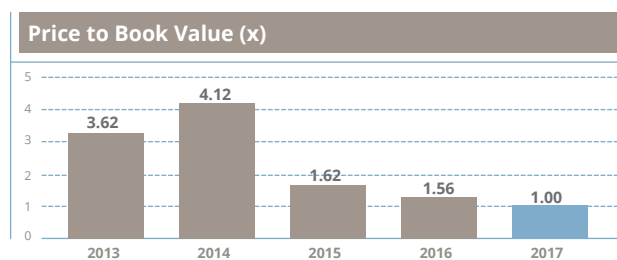
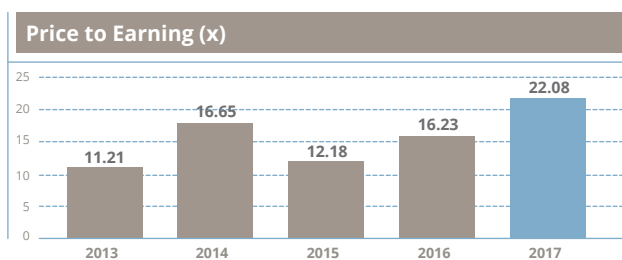


## STOCK PERFORMANCES

STOCK HIGHLIGHTS					
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
2016 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)		65,452,072,129,200	69,573,128,522,520	56,725,129,178,640	63,391,543,932,540
Highest Price (Rp)		2,940	3,520	2,860	2,770
Lowest Price (Rp)		2,200	2,340	2,170	2,350
Closing Price (Rp)		2,700	2,870	2,340	2,615
Average Trading Volume (Lot)		336,031	713,461	414,884	370,762

PGAS shares movement In 2017 was opened at Rp2,700 level and closed at Rp2,750, PGAS was at its highest point at Rp3,050 level on February 7, 2017 and reached the highest closing price at Rp3,010 level on February 6, 2017, PGAS was categorized as LQ-45 shares, it's stock liquidity is very high with average trading volume of 2017 reached 431,274 lots, Per December 29, 2017, PGAS was the 24th largest capitalization share on the Indonesia Stock Exchange and the 7<sup>th</sup> largest capitalization among the SOE in Indonesia with the market capitalization value amounted to Rp42,42 trillion.

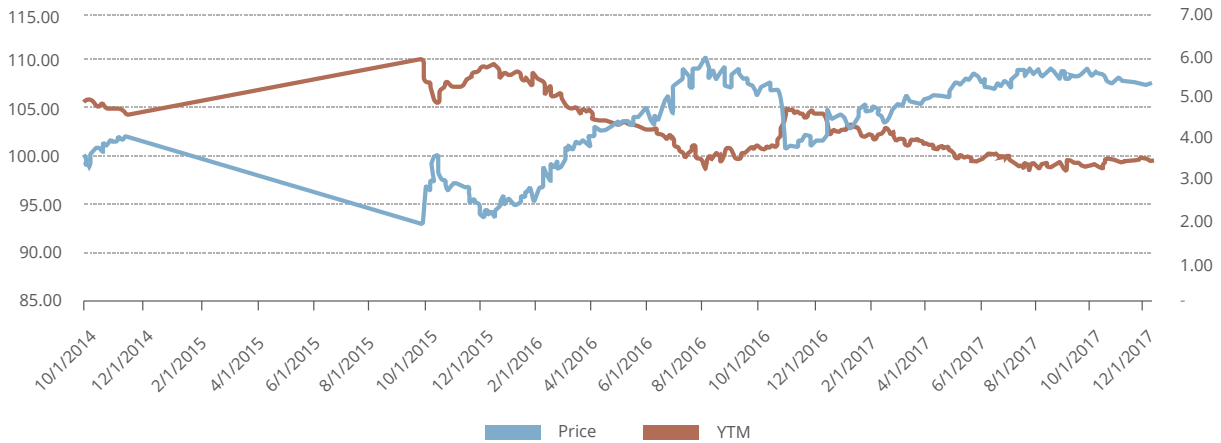
## SHARE RATIO



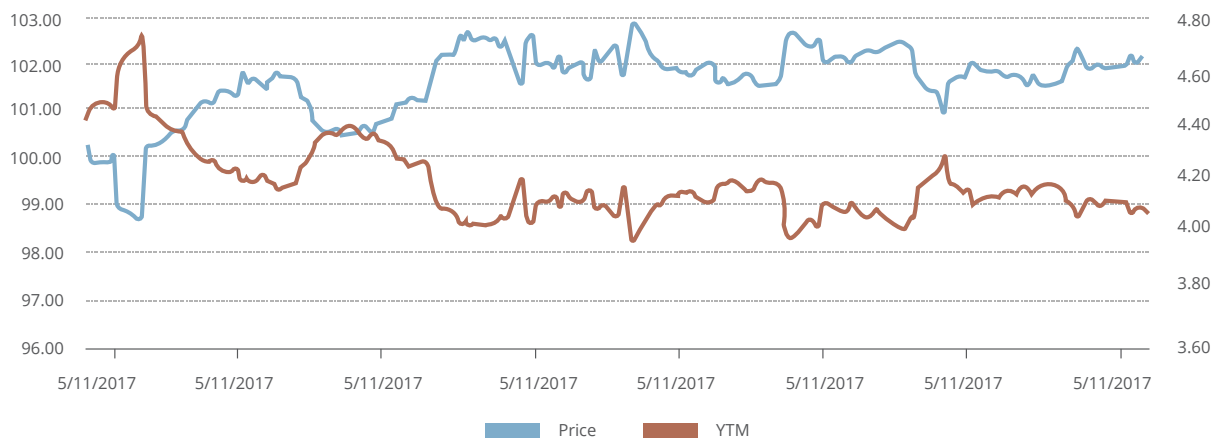
## BOND PERFORMANCE

BOND HIGHLIGHTS					
Type of Shares	Value	Interest Rate	Due Date	2017 Rates	
Senior Unsecured Fixed Rate Notes PGN	USD1,350,000,000	5.125%	May 16, 2024	Standard & Poor	BBB-
				Moody's	Baa3
				Fitch	BBB-
Senior Unsecured Fixed Rate Senior Notes SEI	USD625,000,000	4.45%	May 16, 2024	Standard & Poor	BB+
				Moody's	Ba1
				Fitch	BB+

**BOND PRICE AND YTM MOVEMENT (YIELD TO MATURITY)  
BONDS OF PGN FROM ISSUANCE UNTIL 2017**



**BOND PRICE AND YTM MOVEMENT (YIELD TO MATURITY)  
BONDS OF SEI FROM ISSUANCE UNTIL 2017**









Kecak Dance from Bali symbolize a spirit of cooperation and teamworks, the same spirit that PGN Group provide to ensure that our customers get their solutions, not only for energy but also technical expertise.



02



**REPORT TO THE  
SHAREHOLDERS**



## REPORT FROM THE BOARD OF COMMISSIONERS



*Dear Honorable Shareholders,*

2017 was a challenging year and is expected to be the turning point of the downtrend in performance since 2013, especially with the plan of change institutional form, where by the Government will assigns Series B shares to Pertamina. The transfer of shares, will be an important milestone of oil and gas holding process and PGN as a sub-holding of gas business. PGN is expected to remain focused in increasing revenue at the Company's core business and deliver added value in synergy between PGN Group. At the end, PGN will have better position and have a positive outlook in the future.

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**FAJAR HARRY SAMPURNO**  
PRESIDENT COMMISSIONER



**MOHAMAD IKHSAN**  
COMMISSIONER



**IGN WIRATMAJA PUJA**  
COMMISSIONER

## ASSESSMENT OF MANAGEMENT'S PERFORMANCE

The company was not in a “good shape” during 2017. Net profit has been decreasing since 2013, as shown in financial review of the 2017 Annual Report, both in EBITDA Margin and net profit ratio of revenue that decreased respectively from 37.33% and 27.09% in 2013 to 27.96% and 4.82% in 2017. This decrease was caused by the increasing tense of competition in the industry followed by the decreasing demand as the effect of economic expansion weakening in these past years. Other challenging factor was company's limitation in its performance in fulfilling the Government's regulation to lower the price of industrial gas as the implementation of the Decree of the Ministry of Energy and Mineral Resource No 58/2017 that limits the company's profit margin both in gas selling activity and gas transportation and distribution.

The Company also had to contend with low crude oil prices for much of the year, which reduced the competitiveness of natural gas as an energy source. One consequence of this was that several prospective gas customers opted to postpone their conversion to natural gas from oil, high speed diesel or coal, which also contributed to relatively weak demand for gas during the year.

Against these pressures, the Board of Directors did remarkably well to maintain revenue, although profit was below the expectations set at the beginning of the year. The conditions challenged the Board to revisit PGN's business models, processes and products, and come up with innovative solutions, included:

- Increase the sales of industrial and commercial customers to replace the declining demand for gas-fired power plants;
- Improve cost structure and adjust margins by efficiency;
- Continue pipe development investment activities, such as the Duri - Dumai pipeline



**PAIMAN RAHARJO**  
INDEPENDENT COMMISSIONER



**KISWODARMAWAN**  
INDEPENDENT COMMISSIONER



**HENDRIKA NORA OSLOI SINAGA**  
COMMISSIONER

bringing the Company 1 step closer to building the integration of natural gas infrastructure in Indonesia;

- Work closely with industrial zones to support future business developments;
- Accelerate the progress of non-core business strengthening to strengthen future developments.

PGN's upstream subsidiary, PT Saka Energi Indonesia, passed an important milestone with the start of production at Muara Bakau, Indonesia's first deepwater gas project, in which the company has a participating interest of 11.7%. Saka also realized a significant increase in lifting volume in 2017, much of which was contributed by the Sanga- Sanga block.

In the midstream segment, we were proud to see PGN appointed by the government as the seller of uncommitted state LNG produced by the Badak LNG Refinery using gas from the Sanga-Sanga block. This not only gives PGN the opportunity to contribute to state revenues by obtaining optimum prices for the

*In 2017, the Management launched the PGN 360° Integrated Solution concept as an initiative to synergized these internal capabilities in order to deliver integrated, value added solutions*

cargos, but also strengthens the Company's position as an international trader of gas and LNG.

The Company has also continued to diversify both its products and markets in a range of businesses, including operation and maintenance, service and support, fiber optics, data communication security and property, proving the Company's growing strength across the natural gas value chain. Over the year, Management has increasingly encouraged the Group's subsidiaries to explore opportunities to step up their revenue contribution by offering these services and products to customers outside the Group.

The achievements above demonstrate the huge potential within the PGN Group that is only now beginning to be harnessed. In 2017 the management launched the PGN 360° Integrated Solution concept as an initiative to synergize these internal capabilities in order to deliver integrated, value-added solutions for our customers. One example of this was the development of small-scale electricity supply projects by PGN subsidiary PT Widar Mandripa Nusantara to meet industry needs in parts of East Java and Karimun that are 'beyond pipeline'. These power plants are powered by CNG supplied by PT Gagas Energi.

The management's strong performance during the year was also reflected in the Company's annual performance assessment. As a stateowned enterprise, PGN is measured each year against key performance indicators set by the Government. On the basis of its improved score in 2017, PGN was named as one of the country's emerging Industry Leaders and received a Performance Excellence award from the Minister of State-Owned Enterprises.

The above changes have not been able to completely alter the fundamental and sustained performance of the company. The Government Plan through Ministry of State Enterprises establishes oil and gas holding under Pertamina and PGN as sub holding gas is an important milestone to strengthen the company's fundamentals in the medium term.

The formation of this holding is expected, (i) to reduce costs through the consolidation of corporate activities and the synergy of the activities of the enterprise; (ii) to increase the capacity of investment financing through asset pooling; (iii) to reduce the business risks of a company by asset diversification; and (iv) improving the company's operational management with the consolidation of human resources and knowledge sharing from best practices, among others in marketing, working capital management, and capacity utilization.

### **SUPERVISION OF THE BOARD OF DIRECTORS**

One of the Board's principal responsibilities is supervising and guiding the management of the Company by the Board of Directors. In addition to our program of scheduled meetings between the two Boards, we also convene ad hoc meetings whenever deemed necessary. Much of the oversight takes place outside these meetings, however, through our frequent visits to sites and projects together with the Directors, as well as regular communication throughout the year. These are important channels for constructive and collaborative supervision, enabling prompt management of issues as they arise. In 2017, we held seven joint meetings with the Board of Directors, which included discussions of company performance, the progress of particular projects, the audited financial statements, the recommendations of the Audit Board of the Republic of Indonesia (BPK) and external audits, the long-term plan and annual workplan and budget, the corporate organisation structure, remuneration, and the proposed oil & gas holding company, among others. We also paid particular attention to the performance and governance of the Company's subsidiaries, and urged management to optimise the synergies between them where possible.

Our supervisory function is also carried out through the work of the Audit Committee, the Risk Management Monitoring and Business Development Committee and the Nomination and Remuneration Committee. At least two Commissioners sit on each Committee.

**CORPORATE GOVERNANCE IN 2017**

Corporate Governance in 2017 PGN’s position as a developer, operator and supplier of highly strategic national infrastructure and resources demands that we ensure the highest levels of accountability, transparency and compliance throughout our operations. In 2017 we continued to oversee the strengthening of the Company’s corporate governance through our regular communication with the Board of Directors and through the Board Committees.

The Company’s performance on corporate governance is evaluated each year through a self-assessment against the governance indicators defined by the Government for all state-owned enterprises. This process was facilitated and the results validated by a third party (PT Citra Solusindo Manajemen) in October and November 2017, and we were pleased to see the trend of annual improvement continue, with the overall score increasing to 94.61. This reflects the general improvement we have seen throughout the year through our supervision of the management and our monitoring of the Board Committees.

The Audit Committee continued to assist us in our oversight of the Company’s financial statements, projects, compliance and internal controls. This allowed us to identify any issues at an early stage and ensure that the Management followed up with the recommended remedial actions.

At the end of 2016 we took the decision to merge the functions of the GCG Committee into the Risk Management Monitoring and Business Development Committee. Having observed the Risk Committee’s performance over the full year, we believe that this was the right move, and has enabled more holistic, effective and efficient monitoring of the Company’s risk management and planning.

The Nomination and Remuneration Committee fulfilled its duties by providing recommendations on remuneration and the succession of the Boards.

Overall, we are satisfied with the standard of governance in the Company during the year, but there is still scope for improvement. We are very aware, particularly as we move into the next phase of the Company’s development, of our responsibility to safeguard the interests of our minority shareholders, and this will continue to be a top priority over the coming year.



## WHISTLEBLOWING SYSTEM

In line with our commitment to strengthening governance, breaches of the Company's code of conduct are taken very seriously. We seek to ensure that all employees are aware of what constitutes misconduct, and how suspected misconduct can be reported safely, without any adverse consequences for the whistleblower. Throughout 2017, we used a variety of strategies, including strategically placed banners and desktop backgrounds on all employees computers, as well as discussions at regular gatherings and during trainings, to raise awareness about the whistleblowing system and its reporting mechanisms.

The whistleblowing system is managed by the Ethics Committee, which is part of the Internal Audit Division. If a case requires investigation, it is escalated to the Ethics Council, which comprises members of the Board of Directors. While the Board of Commissioners has no direct role in the operation of the system, we have general oversight as part of our supervisory function. We believe that the system is working

satisfactorily in general. However, we believe that it needs to be extended in order to allow for potential misconduct at the senior management level—including the Board of Commissioners—to be safely reported and fairly adjudicated. We are therefore currently working on changes to the whistleblower policy to accommodate this.

## OVERVIEW AND EXPECTATION OF BUSINESS PROSPECTS

Indonesia's economy continue to be cautiously optimistic, with GDP growth projected in the 5.1-5.4% range. In addition, the crude oil price has continued to strengthen, recovering from an average of around USD49 per barrel during the year to reach USD60 per barrel in December 2017. This will have a positive impact on the Company's upstream revenues as well as making gas more competitive against oil and diesel.

The strengthening economy and the rising price of oil are expected to drive an improvement in demand for natural gas in 2018, particularly in the electricity, industrial and retail sectors.



The workshop managed by the subsidiary, PGASSOL, is the largest workshop in Indonesia in terms of operation and maintenance of gas distribution supporting infrastructure.



Nevertheless, there will continue to be an oversupply of natural gas. Under these circumstances, we believe that the management is right to pursue a strategy of strengthening and integrating the Group’s capabilities along the gas value chain in order to drive demand, and we expect to see the subsidiaries take on a more prominent role by more aggressively exploring new opportunities, including export markets, over the year.

We cannot look ahead to 2018 without considering the impact of the proposed national oil and gas holding company, under which PGN will become the sub-holding for gas. Overall, we believe that this is a positive move for the future of energy management in Indonesia. In particular, we expect it to pave the way for a new era in the integration and expansion of gas infrastructure in the country, as the capabilities of both PGN and Pertamina will be combined in a single harmonized, more rational operation. We therefore believe that this will accelerate the development of gas infrastructure and enable the Company to reach a broader market. As we move forward, however, we recognize that it will be vital to maintain ongoing and transparent engagement with our shareholders and stakeholders regarding the plans and potential consequences of this latest phase in the Company’s transformation.

## CHANGE IN THE COMPOSITION OF THE BOARD OF COMMISSIONERS

Mr Tirta Hidayat resigned from the Board of Commissioners in 2017, having completed his term. On behalf of the Board, I would like to thank him for his contribution to the Company and wish him all the best for the future. In his place we welcomed Ms. Hendrika Nora Oslo Sinaga as our newest Commissioner.

For PGN, 2017 was a year of challenge and survival, but one from which we emerged stronger at the end and better prepared to take its place as a world-class energy company. For this, we would like to express our appreciation to the Board of Directors and all PGN’s employees for their spirit and commitment during the year. We would also like to thank PGN’s shareholders, partners, customers and other stakeholders for your continued support. We looking forward to continuing to create value for you through delivering energy solutions for Indonesia in 2018.

**Fajar Harry Sampurno**  
President Commissioner





## REPORT FROM THE BOARD OF DIRECTORS



*Dear Honorable Shareholders,*

For PGN, 2017 was a challenging year, since our key customers continued to adjust to the economic conditions and adapt to business growth. We have to take some tough decisions to maintain performance. However, we eventually were able to gain new opportunities to strengthen both core and support businesses and provide a stronger base for the future of the Company.



**JOB TRIANANDA HASJIM**  
PRESIDENT DIRECTOR



**DILO SENO WIDAGDO**  
DIRECTOR OF INFRASTRUCTURE AND  
TECHNOLOGY



**DESIMA E. SIAHAAN**  
DIRECTOR OF HUMAN RESOURCES  
AND GENERAL AFFAIRS

In 2017 the Indonesian economy grows 5.07%, this growth is accompanied with an increase in the Global Competitiveness Index (GCI) from 41<sup>st</sup> to 36<sup>th</sup> rank, Transport Infrastructure Index from 36<sup>th</sup> to 30<sup>th</sup>, EASB rating from 91<sup>st</sup> to 72<sup>nd</sup>. Economic growth in Indonesia is supported by increased exports, investment growth and still preserved consumption. Acceleration of investment in the form of infrastructure development in almost all parts of Indonesia, encouraging the increase of business field in these areas so as to increase the growth rate of Gross Domestic Product (GDP). Rupiah Exchange Rate and Inflation also tend to be stable during 2017.

This economic growth has a positive impact on the growth of the company's business, especially in the industrial/retail sector. However, in certain sectors such as electricity that has been a major customer, it was experienced growth that does not fit to the plan. The initial target of electricity should grow 8% but this year only grow 2-3%. This affects the reduction of gas distribution to electricity customers.

However, the significant decline in the electricity sector is slightly balanced with improved gas supply in the industrial/retail sectors, which is growing in line with the improving economic condition in Indonesia.

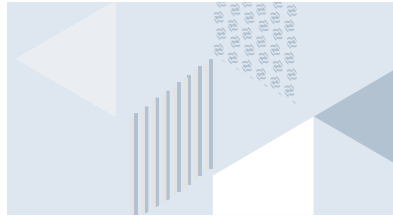
#### KEY CHALLENGES AND MITIGATING ACTIONS

The most significant challenge we face during 2017 is the contraction in demand for natural gas. Indonesia's still-recovering economy has resulted in low activity of some industrial customers expansion. However, the greatest pressure came from a lower-than-expected growth in electricity demand, which had a substantial negative impact on distribution volumes to PLN as our main customer.

Another challenge is the still low average oil price, which stands at USD49 per barrel this year. A smaller increment between the price of oil and gas makes the conversion of oil-fueled or high-speed diesel to gas industries less attractive option for many potential customers. Low oil prices also put pressure on the Subsidiary in the upstream oil



**NUSANTARA SUYONO**  
DIRECTOR OF FINANCE CUM  
DIRECTOR OF STRATEGY AND  
BUSINESS DEVELOPMENT



**DANNY PRADITYA**  
DIRECTOR OF COMMERCIAL



and gas sector, PT Saka Energy Indonesia (SEI), due to a number of acquired assets at a time when oil prices are still quite high. So there is a non-cash factor that is enough to erode the Company's net profit, although fundamentally our performance is still quite good.

A further challenge is the volume of transmission through the Kalija 1 pipeline from Kepodang field to PLN Tambak Lorok plant in Central Java which is lower than expected because the Supplier is unable to supply the volume of natural gas as per the contract. We look forward to finding solutions to resolve this issue by 2018.

We strive to take action to mitigate and respond to the impact of these challenges. The main consideration that we put forward is how to accommodate customer needs while still earning good returns. In response to reduced demand from the power sector, we offer customers the flexibility to accommodate volume fluctuations and incentive pricing. This allows us to restore demand in the second half and even generate some additional

*The strategic growth of new business portfolio is in line with PGN's vision to become a world class company in the utilization of natural gas.*

demand, especially in the retail sector. While this strategy has resulted in reduced margins, we believe that this is a necessary step to create certainty on the volume of distribution, which will be useful for long-term business sustainability.

Another improvement arising from more competitive gas pricing is encouraging us to be more innovative and efficient in business processes. The demand-side challenges of 2017 encourage us to enhance a more balanced business portfolio, which we seek to penetrate more broadly into the retail and other industrial sectors, including industrial estates.

Market conditions that occur, prompting us to review the strategy of infrastructure development, capital cost efficiency is done by prioritizing the development of networks that will have a direct impact on volume increases. At the same time, we are also working to maximize the efficiency of our entire business to maintain our margins.

The core business of PGN has performed relatively well in the midst of the economic situation and the market conditions that are still heading for recovery. Meanwhile, the Subsidiary is able to increase its contribution to consolidated revenue, although the bottom line is still below the target.

Distribution revenue reached 91% of the target, due to lower demand from the electricity sector. On the other hand, revenues from upstream business segments, and other segments recorded significant growth, so as to offset the decline in revenues from core businesses.

Gross profit reached 87% of the target, this is due to the increased purchasing cost of natural gas from suppliers and the rising cost of production in the upstream business caused by the non cash factor of depletion cost.

PGN succeeded to record an Operating Profit of USD377 million achieved for efficiency efforts on operating costs. We succeeded in reducing our operating expenses in the form of cash up to 20% from the previous year, but on the other hand, since the reclassification of a number of assets under construction into Fixed Assets causes an increase in depreciation expenses. So that the achievement of Operating Profit is still below the target.

We also do efficiency to capital expenditure in 2017. This is influenced by market uncertainty so that some investments are postponed until there is further certainty. Efficiency is done either for upstream investments or distribution projects as they relate to government regulations on specific distribution and commercial areas.

PGN has settled its loan facility amounting to USD536.25 million. This is part of our effort to lower interest expenses.

### **OPERATIONAL ACHIEVEMENTS**

Amid market conditions that have not recovered, we generally recorded some significant achievements this year. As a result of intensive customer development activities, we see growth in gas sales to a number of sectors, particularly the food, paper, glass, ceramics, metals and petrochemicals industries, partially offsetting the decline in sales in the electricity sector.

The new business contributed to the growth in customer use volume by 5% over the previous year. In terms of subscribers, the largest growth came from the household segment. During 2017, we expanded the infrastructure to connect with 27,000 households under the 'Citigas Network/ Jargas' program. This is an initiative that allows households to benefit from cheap, clean, efficient, and safe fuel. On the other hand, it also reduces state dependence on LPG which is more expensive and subsidized by the government. PGN is trusted by the Government for the development of this Jargas program.

The government showed greater confidence in PGN in December, referring to PGN as an uncommitted LNG seller Liquifacted by the Badak Liquifaction Plant with gas taken from the Sanga-Sanga block, where SEI has a participating interest there.

We achieved significant growth in the upstream oil and gas business, operated by the Subsidiary, SEI. Production volume increased from 37 thousand boepd in 2016 to 51 thousand boepd by 2017. Most of that volume was contributed by the Muara Bakau block, which started its production in May 2017, Sanga-Sanga, Bangkanai and increased production from Fasken.

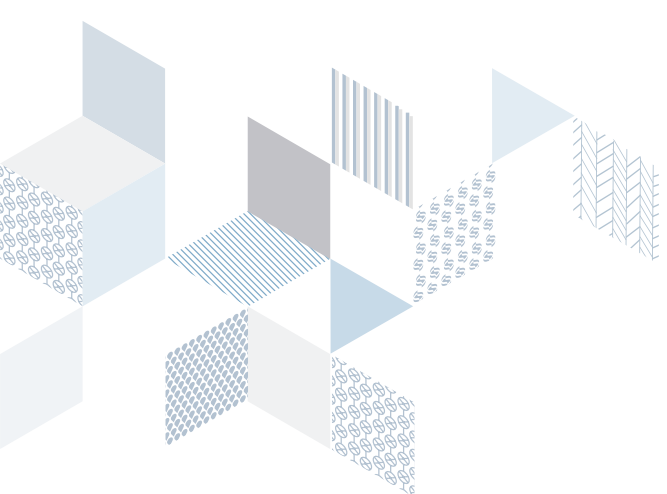
The pipeline infrastructure increased by 175 km by 2017, which made the total length of the PGN pipeline to 7,453 km. In November 2017, the ground-breaking construction of the Duri-Dumai transmission pipeline, which is a joint project between PGN and Pertamina's subsidiary Pertagas was conducted. The project will connect the existing Grissik-Duri transmission line of the existing PGN Subsidiaries, TGI, with the Pertamina refinery in Dumai, and also includes the construction of a distribution network to serve industrial and port facilities in the Dumai area.

**KEY SUBSIDIARY ACHIEVEMENTS**

PT Saka Energi Indonesia (SEI), which operates in the upstream oil and gas business, accounts for 16% of PGN's consolidated revenue in 2017. This is due to an increase in production and to benefit from rising oil prices in the final quarter of 2017. But as mentioned above, SEI's bottom line performance is strongly affected by depreciation, depletion, and impairment, but it is a non-cash factor so that EBITDA Saka contributes 33% to consolidated this year worth USD 830 million up from 807 million the previous year, this reflects a strong financial position.

A better indicator is a positive market acceptance of the first SEI bonds, issued in 2017, indicating that the SEI is now capable of operating as an independent company. With the continuing increase in oil prices and the start of production in new blocks such as Muara Bakau, Bangkani, and Sanga-Sanga and increased production at Fasken block, we hope to gain an increasingly positive contribution from the upstream business.

In the midstream sector PT PGN LNG Indonesia (PGN LNG) is participating in a number of project plans to develop LNG Hub in Eastern Indonesia and Central Indonesia by 2017.



In the downstream sector, PT Gagas Energi Indonesia (GEI) continues to distribute CNG and Fuel Gas for transportation through SPBG and Mobile Refueling Unit (MRU) facility as part of PGN's initiative to increase the utilization of natural gas in the public transportation sector. The government supports this initiative by providing converter equipment for vehicles.

PT PGAS Solution (PGASSOL), with its business focus on Operations & Maintenance, Engineering, EPC and Commerce, obtained a number of external projects by 2017 in addition to serving internal customers within the PGN Group.

PT PGAS Telekomunikasi Nusantara (PGASCOM) also continues to provide backbone services for Information Technology and other business solutions, using PGN's fiber optic network, for an increasingly growing external client base.

## STRATEGY EXECUTION

During 2017, we strive for three key strategies that we believe will build a solid foundation for the future growth of Indonesia's energy.

### **Strengthening Core business and Creating Market**

In recent years, we see a striking shift in the dynamics of the natural gas business, if previously driven by demand, now facing an oversupply situation as demand from industry and electricity still adjusts to economic conditions and business developments. We handle this problem by creating markets, first by expanding markets in new areas and new sectors, such as marine transportation.

We also see that in the future, energy will be increasingly consumed in the form of electricity. Currently we are supplying natural gas to the electricity generating sector through our key customers, PLN, we have identified an opportunity to create more gas demand by building and operating small-scale gas powered facilities for certain regions, such as industrial estates and ports. We developed this strategy through our subsidiary, PT Widar Mandripa Nusantara (WIDAR). WIDAR has completed a number of power generation projects in East Java, and will develop another facility on Karimun island, using GEI supplied CNG.

In terms of numbers, PGN's largest customer segment is the household segment, where we now manage more than 190,000 household customers. However, in terms of volume, households are the smallest segment. Nevertheless, residential customers are the main focus of our mission, which we are working with with the government, to ensure that the Indonesian people can benefit from the country's own natural resources.

As mentioned above, natural gas has great benefits to the user because it is clean, efficient, and guaranteed availability compared to LPG normally used in households. It also plays a role in economic empowerment because it makes it easy for people to operate home industries and Small & Medium Business Units (SMEs).



Our ambition is to build a connection with 1 million household customers. We are currently pursuing this target by managing and developing infrastructure for government-initiated Jargas program, and have accumulated more than 75,000 new customers. In 2017, PGN gets assignments in four areas, in East Java, southern Sumatra, Kalimantan and Jakarta. By the end of 2017, more than 190,000 customers can enjoy the benefits of natural gas in 39 cities and counties throughout Indonesia.

PGN also continues to create the natural gas market as a cheap and efficient fuel for the transportation sector using CNG. Our subsidiary, GEI, currently operates 12 SPBG and 4 MRU. The government supports this initiative by providing converter equipment for vehicles. However, this conversion can be said to run quite slowly for various reasons, especially the fact that converting fuel to CNG, causing the non-validity of the official vehicle warranty. We need greater regulatory and user support to encourage the solution of this problem, and of course also in terms of fixing the selling price of gas for transportation, if the utilization of gas for this sector wants to be more optimal.

PGN also developed a new CNG initiative using an innovative tube carrier called CNG Cradle designed by PGN. We have installed the CNG Cradle in selected restaurants in Jakarta to replace LPG. During the conversion period, we offer customers flexibility with regard to volume of usage and payment schemes. Currently we are continuing to evaluate to improve service to customers through this Cradle CNG.

The competitive market situation in this year also prompted us to focus more on consumers. Over the past two years, we have introduced a number of value-added services and service options that differentiate us from competitors. The customer service system is now fully digitized, ensuring greater efficiency and transparency. Customers can also access their accounts, support services, and other products through PGN mobile applications. We also pay greater attention to customer relationships by introducing new segmentation to clients, based on customers gas consumption levels, and offering different value-added features for each segment that enable customers to manage gas consumption and payments more intelligently and easily. In addition, we continue to operate call center services 24/7 to handle any complaints customers may encounter. We believe that no other gas provider in the country can match the current level of PGN services.

LNG also began to be seen as a reliable energy solution to support economic development in the eastern and central regions of Indonesia. After recognizing opportunities for the LNG business in PGN's business plan, we are currently implementing this plan by identifying a number of potential areas as the first step in developing an integrated LNG distribution system in eastern and central Indonesia.



The PGN Subsidiary's Entity, PGN LNG, controls the program, and a number of projects have been initiated. Such as in Pomala - Southeast Sulawesi, where we are working with various partners, including PLN and Antam, to develop LNG receiving facilities and LNG-powered electricity facilities that serve the industry and later to meet the electricity needs of surrounding communities, and act as LNG Hub. Thus, LNG infrastructure and distribution solutions are becoming increasingly important for Indonesia as equity distribution is expected to expand in Indonesia's central and eastern regions.

We are also beginning to consider opportunities to apply LNG to the transport sector. Through cooperation with state-owned ferry operators, ASDP, in the use of LNG as cleaner, cheaper, and more efficient fuel for ships and we are also eyeing the LNG-fueled trains that we see have important prospects for the Company.

### **Strengthen PGN 360° Synergy Solution**

In line with our mission to make PGN an integrated energy company, by 2017 we are increasingly improving synergies within the Company and Subsidiaries from upstream to downstream so as to better support core business in increasing the use of natural gas and making business agile, efficient, and responsive. Subsidiaries with diverse expertise and business focus include transmission and distribution of natural gas, information technology solutions, supply and LNG, operation and maintenance of gas equipment and infrastructure, asset & facility management, and beyond pipeline energy solutions, contributed 19% of PGN's consolidated revenue to 2017. Because of the unique '360°' capabilities, PGN is increasingly reliable in meeting consumer needs and is increasingly recognized economically, both in Indonesia and internationally, we believe that the Subsidiaries contribution to PGN revenues will continue to grow steadily.



The Subsidiary, GEI, manages the business of refueling gas for transportation with subscription schemes, allowing customers to manage fuel expenditures for their operational vehicles. The information of gas fuel bills for transportation is delivered monthly to the customer that engage with subscription scheme.

## GCG IMPLEMENTATION

A good corporate governance framework that provides assurance to all PGN stakeholders that their interests are protected is the foundation for the Company. Gaining and maintaining stakeholder confidence in the integrity of PGN's operations is a fundamental requirement for the continuity of our business. The systems, controls and processes that make up the GCG framework are periodically evaluated, either through internal processes such as the work of the Audit and Internal Audit Committee, or by external parties. In 2017, we assigned an assessor to evaluate corporate compliance with corporate governance indicators for State-Owned Enterprises as governed by SK-16/MBU/2012 SOE Ministerial Regulations. PGN maintains a continuous improvement trend since GCG audits in 2009, increasing GCG score to 94.61%.

We are taking a number of initiatives to strengthen corporate governance by 2017, including reviewing and updating GCG guidelines. Strengthening risk management is also a special focus. We introduce a penalty system, in the form of a compliance KPI score reduction, for a work unit or Subsidiary failing to take appropriate action to identify and manage risk. Prior to implementing the policy, we conducted intensive dissemination programs on all work units and Subsidiaries, including a seminar on 'Sharing Knowledge of Risk Management & GCG in the PGN Group in 2017', as well as mapping and training on risk management and GCG implementation on all Subsidiaries.

In the oil and gas business, there is an inherent and always existent risk. Thus, safety is very important in all PGN operations. We are very committed to the safety of all employees and those working on the PGN project with subcontracting agreements, and we strive to always provide a safe working environment by working according to the standards of safety management system. However, we regretfully report that there were four victims during 2017 as a result of two different incidents involving both subcontractors. In both instances, the project activity was immediately stopped and a thorough investigation was conducted to test all PGN safety systems before allowing activities to resume. Since then, we have intensified efforts to strengthen safety and communication among employees, contractors and subcontractors, and encourage all field staffs to raise awareness to ensure that such incidents do not happen again.

## BUSINESS PROSPECTS

We expect the business to grow next year, in line with the government's projection for Gross Domestic Product growth of 5.1-5.4%. Most likely we will see a further strengthening in commodity prices that drive an increase in the country's export performance along with accelerated investment in infrastructure. Household consumption is expected to rise slowly next year. However, on the other hand an increase in oil prices may lead to inflation, and there are some potential risks associated with global conditions that could affect Indonesia's economy such as uncertainty in the economic sector and US government monetary policy, and China's economic growth looking for new equilibrium.

Demand in 2018 will continue to be driven by the electricity and industry sectors as the economic recovery accelerates, we estimate that the utilization of natural gas will increase. Indonesia as host of the Asian Games in Palembang and Jakarta in the second half of this year is expected to boost demand for natural gas in both cities, which will be enlarged by the needs of supporting sectors such as tourism and transportation industries.

The new industry regulation will have an impact to business development. Government plans to issue new regulations on downstream natural gas business governance ensure that certain entities will be given exclusive rights to the certain distribution and commercial areas. This should be profitable industry because it will eliminate duplication infrastructure and ensuring that investment and development gas infrastructure will be better coordinated and more efficient. Because PGN has more than 70% of infrastructure of natural gas in Indonesia, we are confident will benefit from this regulation, which will help PGN to ensure that natural gas developed and monetized for Indonesia's prosperity.

Regulation of the Minister of Energy and Mineral Resources No. 58 of 2017, issued in December 2017, provides an umbrella for infrastructure and trade margins by setting a maximum of 11% for infrastructure yields and 7% for commodity margins. This provision should be implemented within 18 months or in mid-2019. We believe that although this may have an impact on profitability, it can also encourage greater consolidation in the industry, which ultimately benefits gas customers.

PGN's long-term strategy and long-term investment will continue to focus on PGN's core business in gas transmission and distribution. There is still considerable demand for natural gas that has not been met in areas not covered by the gas infrastructure. These areas are a significant potential market for PGN and we will continue to develop and improve the natural gas infrastructure for this new market penetration.

PGN will also continue to invest in other businesses with a focus on creating sustainable demand for the use of natural gas in Indonesia, including producing electricity. The strategy will also focus on investments that add value to natural gas and monetize the capabilities and expertise of other PGNs.

At the same time, we will focus on expanding and offering added value to customers through our '360° integrated solutions' initiative, which goes beyond just selling natural gas to a fully integrated suite of services that can help customers grow their business.

We believe that this strategy will be supported by PGN's position as part of the Oil and gas Holdings established by the Government. PGN has supported the needs of natural gas in Indonesia since 1859, and has consistently reinvested the results obtained from gas distribution and transmission activities into this business, to the point where more than 70% of Indonesia's existing natural gas infrastructure was developed by PGN. We believe that leading the gas sub-holding will enable PGN to consolidate and optimize the nationwide gas infrastructure, and accelerate further growth. We will also be able to partner with governments more efficiently in developing the natural gas market in existing and new regions, and in creating fair policies that support Indonesia's goal of energy freedom and independence.

### CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

We made some changes to the Board of Directors in 2017, Mr. Hendi Prio Santoso, has been completing his term. He has served for 10 years and formed PGN to be like today. The AGMS then gave me a mandate to replace him as a President Director. Mr. Hendi Kusnadi and Mr. Muhammad Wahid Sutopo also ended their terms in accordance with the resolution of the AGMS of 2017, representing

my colleagues, I would like to thank him for his contribution to PGN. In addition to myself, joining as PGN's Board of Directors is Mrs. Desima E. Siahaan, who serves as Director of Human Resources & General Affairs. Mr. Gigih Prakoso held the position as Director of Strategy and Business Development, but he only served for 4 months, then he was assigned by the Ministry of SOEs as the Board of Directors in Pertamina. So the current number of Directors of the Company is five peoples.

Finally, representing the Board of Directors I would like to thank all the employees for their dedication and support so far, and express high appreciation to customers, business partners, government and other stakeholders for their cooperation and trust to PGN. We believe that PGN has the capability, vision and strategy that are ready to deliver sustainable energy solutions that will benefit the country and continue to add value to the stakeholders in the years to come.



**Jobi Triananda Hasjim**  
President Director



## STATEMENT LETTER MEMBERS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS REGARDING RESPONSIBILITY FOR THE CONTENT OF THE ANNUAL REPORT 2017 PT PERUSAHAAN GAS NEGARA (PERSERO) Tbk

We the undersigned declare that all the information included in the Annual Report 2017 of PT Perusahaan Gas Negara (Persero) 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, April 3<sup>rd</sup> 2018

President Director



**JOBI TRIANANDA HASJIM**

Director of Finance  
Concurrently Director of  
Strategy and Business  
Development



**NUSANTARA SUYONO**

President Commissioner



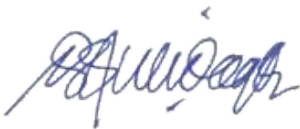
**FAJAR HARRY SAMPURNO**

Commissioner



**MOHAMAD IKHSAN**


Director of Infrastructure  
and Technology



**DILO SENO WIDAGDO**

Director of Commerce

Director of HR and  
General Services



**DESIMA EQUALITA  
SIAHAAN**

Commissioner



**IGN WIRATMAJA PUJA**

Independent Commissioner

Independent Commissioner



**PAIMAN RAHARJO**

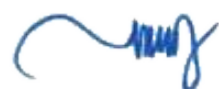
Commissioner



**DANNY PRADITYA**

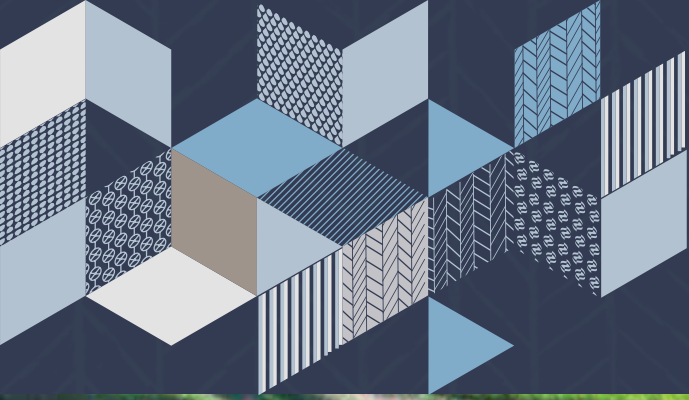


**KISWODARMAWAN**



**HENDRIKA NORA OSLOI  
SINAGA**

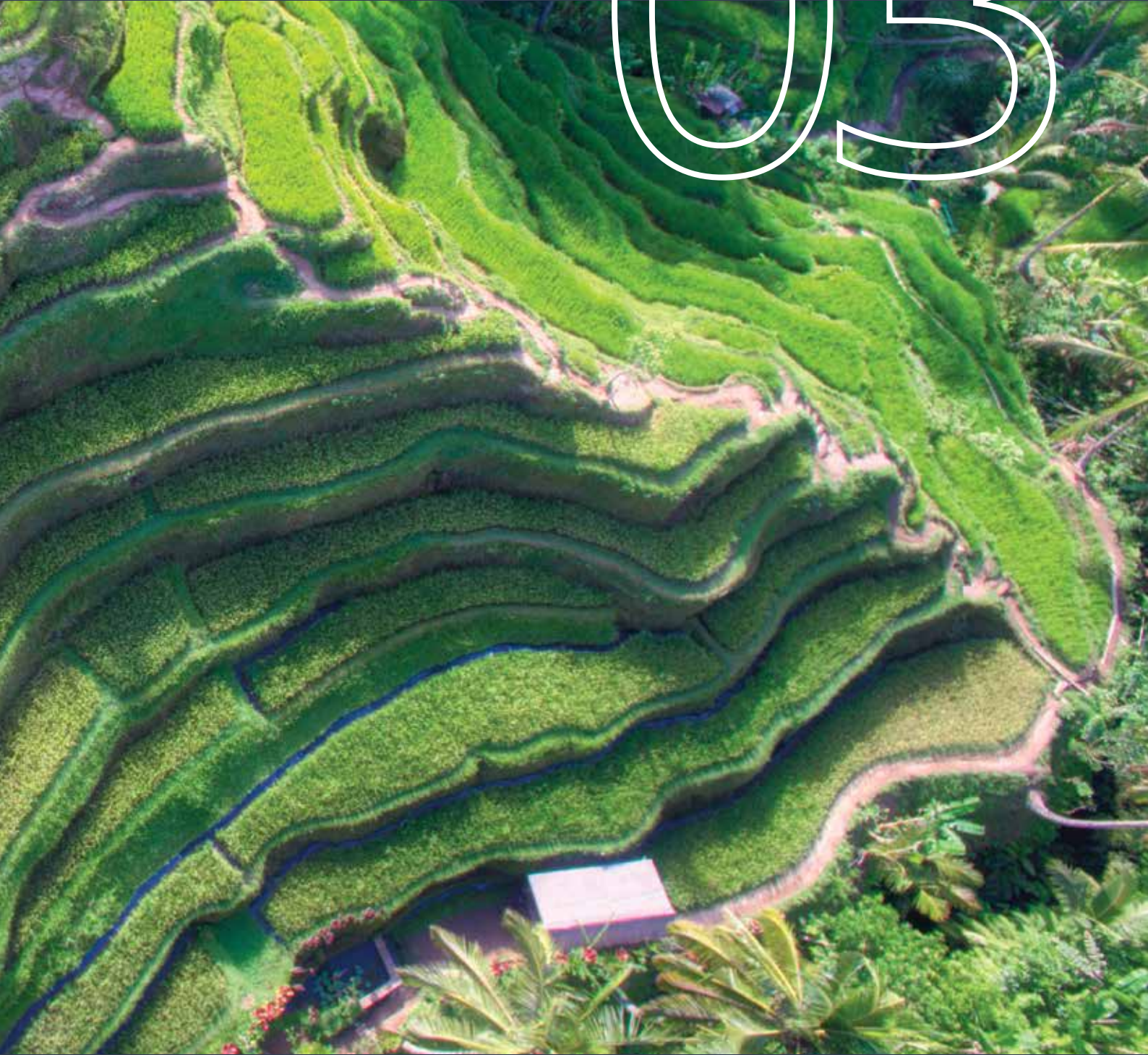




**As in a natural farm field ecosystem**, where all entities work together for optimal production, PGN has put in place an ecosystem within Subsidiary Entities, Affiliations, Associations & Joint Ventures to give the best product end service to stakeholders.



03



**COMPANY  
PROFILE**



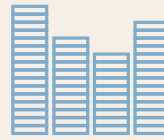
**NAME**

PT Perusahaan Gas Negara (Persero) Tbk



**AUTHORIZED CAPITAL**

Rp7,000,000,000,000



**BUSINESS FIELDS**

Natural gas transmission and distribution



**ISSUED AND FULLY PAID-UP CAPITAL**

Rp2,424,150,819,600



**OWNERSHIP**

The Republic of Indonesia 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





 [www.pgn.co.id](http://www.pgn.co.id)

 Perusahaan Gas Negara

 @gas\_negara

 1500 645

 @Gas\_Negara

 [contact.center@pgn.co.id](mailto:contact.center@pgn.co.id)

 PGNenergibaik

**LEGAL BASIS OF ESTABLISHMENT**

Government Regulation (PP) No.19/1965



## 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 represent 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 continue to grow.



## 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 business 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.

## 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.

PGN's 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.

### "FOR LIFE"

Signifies the important role run by PGN through the natural gas in moving 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.

# THE COMPANY'S BRIEF HISTORY

1859

**L.J.N.  
Eindhoven &  
CO Gravenhage  
Firm**

The company was firstly founded by the Eindhoven family.

1863

**NV Netherland  
Indische Gas  
Maatschapij  
(NIGM)**

The Dutch government took over the Eindhoven Family business and changed the company name. In 1879, NIGM operated two gas plants in Jakarta and Surabaya.

1950

**NV Overzeese  
Gas en  
Electriciteit  
Maatschappij  
(NV OGEM)**

The Dutch government operated 11 gas plants and 33 power plants, thereby combined NIGM and Dutch Government power companies and changed the company's name.

1958

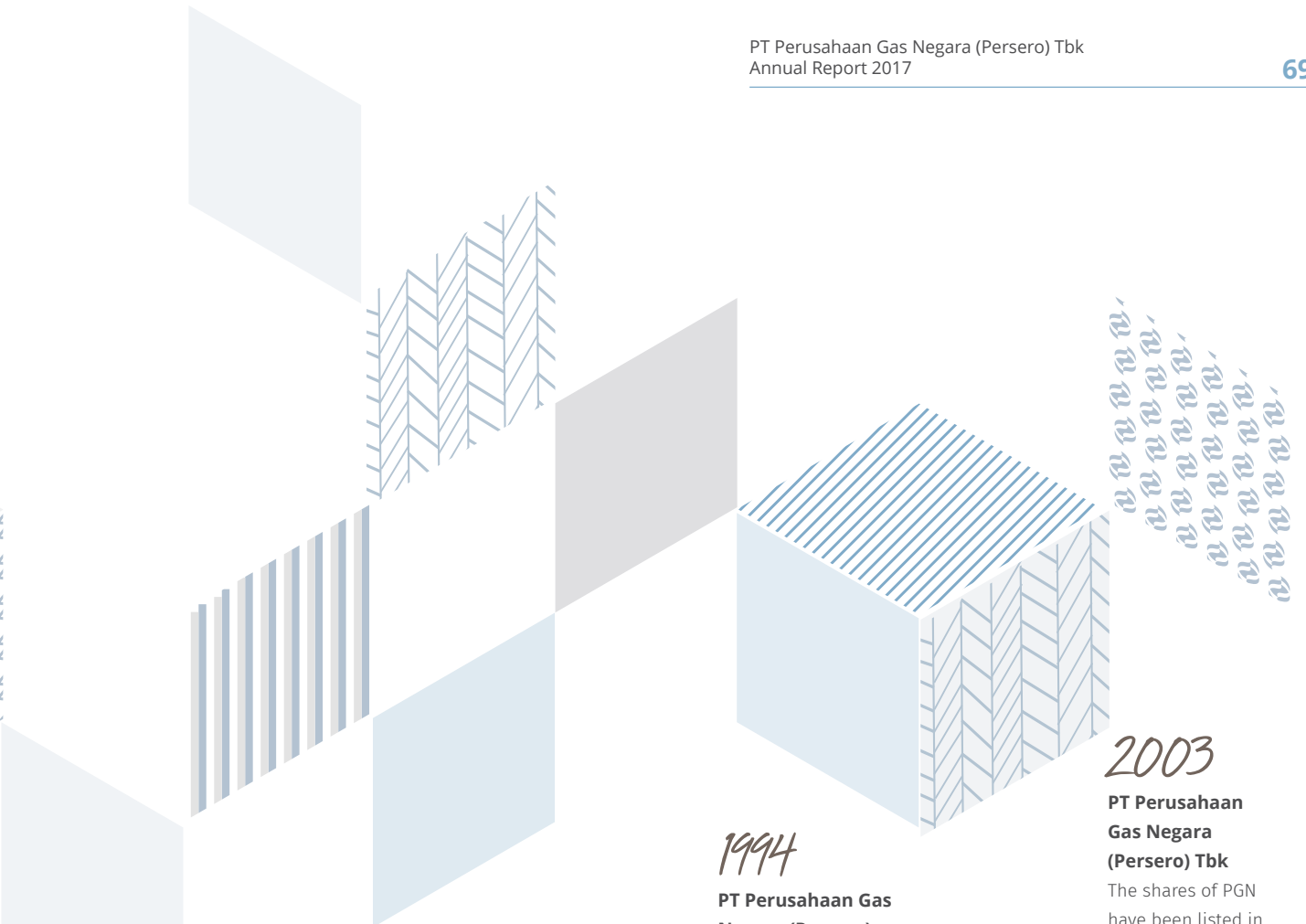
**Badan  
Pengambil Alih  
Perusahaan-  
Perusahaan  
Listrik dan  
Gas (BP3LG)**

The Indonesian government nationalized foreign companies.

1961

**Badan Pimpinan  
Umum  
Perusahaan  
Listrik Negara  
(BPU-PLN)**

Consolidation of State gas companies & electric companies.



1965

**Perusahaan Gas Negara**

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

1984

**Perusahaan Umum Gas Negara**

The form of business is changed to Public Company (Perum).

1994

**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.

2003

**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".

# THE COMPANY'S MILESTONE

## 1998

PGN succeeded in completing the Transmission Pipeline of Grissik – Duri.



## 2003

Completion of Grissik-Batam-Singapore transmission pipeline network.



## 2007

On October 25, 2007, the gas pipeline of SSWJ II Grissik – Pagardewa segment was inaugurated by the Minister of State-Owned Enterprises (SOE) for PT Krakatau Daya Listrik from Pertamina field in Pagardewa. In the same year, PGN established a subsidiary company that engages in the telecommunication industry, namely PT PGAS Telekomunikasi Nusantara (PGASCOM). PGASCOM manages the operation and maintenance of fiber optic cable networks.



## 2009

To optimize the power and competence that have been built over the years by utilizing the future business development opportunities, PGN re-established a subsidiary company with a name of PT PGAS Solution that relates with engineering, operation, and maintenance, EPC contractor, as well as trading businesses.

## 2011

PGN formed 2 subsidiary companies that respectively engage in the natural gas upstream and downstream businesses. The subsidiary company in the upstream business is PT Saka Energi Indonesia (SEI) while the subsidiary company in the downstream business is PT Gagas Energi Indonesia (GEI).







## 2012

PGN established a Subsidiary Company PT PGN LNG Indonesia (PGN LNG). The PGN LNG scope of business among others engaging in the supply of LNG and natural gas, storage activities including regasification to buyers, as well as in other LNG business activities.



## 2014

PGN established a subsidiary of PT Permata Graha Nusantara (PERMATA). Permata business scope includes property management, workforce provider, management facilities, resource profitability and corporate assets.

## 2015

At the end of August 2015, PGN through its affiliated company PT Kalimantan Jawa Gas (KJG) succeeded in completing the construction of the Kalija I Transmission pipelines from Kepodang gas field to Tambak Lorong Gas Power Plant in Semarang for 201 km long and continued with the commercialization of that pipelines. With the operation of that infrastructure, then PGN becomes the only natural gas downstream Company that serves to all Customer sectors (Household, Commercial, Industry, and Power Plant) in Central Java.



## 2016

Development of gas distribution pipeline in Musi Banyuasin, Bandar Lampung, DKI Jakarta and Mojokerto.

## 2017

Muara Bakau Block where PGN through its subsidiary Saka Energi Indonesia has a participating interest of 11.7% started its production in May 2017. This project is very significant to increase domestic gas supply and meet the target of natural gas lifting in 2017. At the end of 2017 Muara Bakau block production through Jangkrik field reached 580 MMscfd.

# LINE OF BUSINESSES

## BUSINESS ACTIVITIES

Pursuant to the PGN's Articles of Association as lastly amended by the Deed No. 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.

## THE GENERATED PRODUCTS OR SERVICES

As a State-Owned Enterprise that engages in the 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 has pipeline networks in North Sumatera, Southern part of Sumatera, Riau Islands, and JavaSea 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) that PGN serve for our end customer.

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:

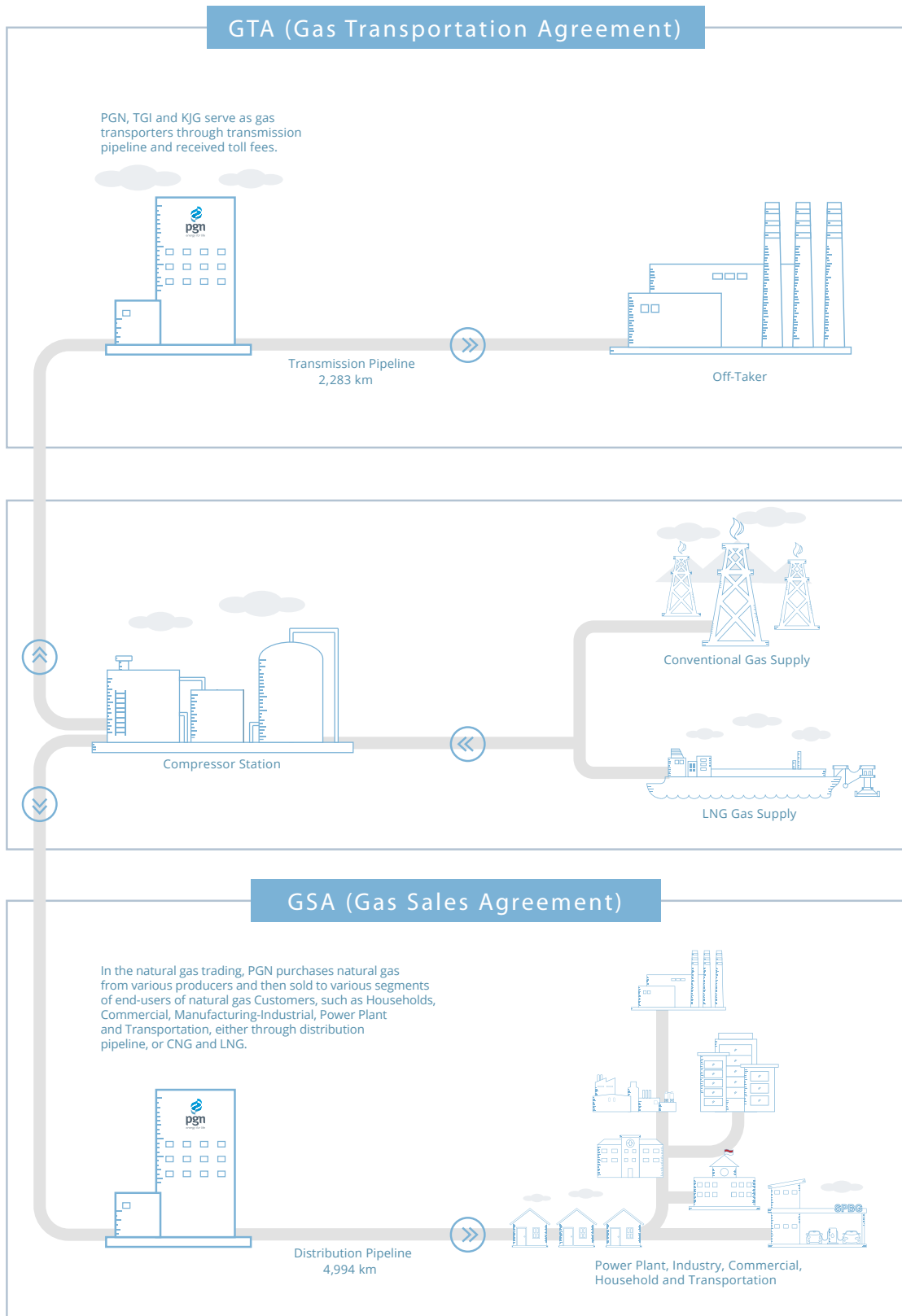
1. Natural gas transmission and distribution businesses;
2. Natural gas trading business;
3. Upstream Oil and Gas business;
4. Other businesses, i.e telecommunication, services, constructions and maintenance of pipeline networks, building management, and financial lease.

Aligned with the company's business strategy in 2011, the Company developed its capability in the activities of natural Upstream Oil and Gas sector, and based on the PSAK No. 5 (as revised in 2009) concerning the operational business segments and for the purpose of management appraisal as well as reporting, in 2013, the Company also reported the Upstream Oil and Gas business activities as the company's business segment.

## PGN SYNERGY

In 2017, PGN campaigned on the "ONE PGN" tagline reflecting the spirit of synergy between PGN and its subsidiaries and affiliates. ONE PGN is the basis of "PGN 360°" which is product development from PGN addressed to deliver value added for customers. The application of PGN 360° includes, natural gas delivery services to customers, accompanied by reliable telecommunication services through fiber optic infrastructure managed by PGASCOM, and pipeline installation and maintenance services by PGAS Solution. With PGN 360° PGN customers not only enjoy the benefits of using natural gas as a cheap fuel, but also get the ease of pipeline maintenance services and enjoy reliable telecommunication facilities.

# BUSINESS UNIT



PGN has 4 business segments. 81% of PGN's revenues contribute by distribution business, 16% from oil and gas business, and the rest is contributed by Transmission and other businesses.

# ONE PGN SINERGY

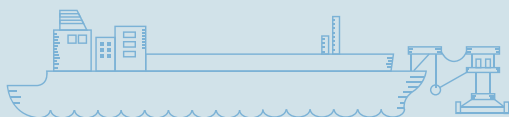
## UPSTREAM

### GAS STATION

Natural gas reserves in Indonesia is sizeably bigger than oil reserves. Saka Energi Indonesia is PGN 's subsidiary has business in Upstream sector.

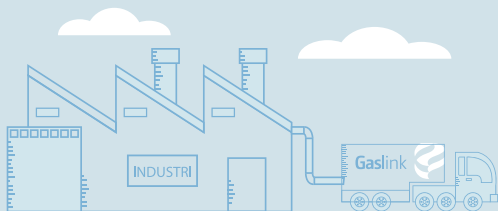


## DOWNSTREAM

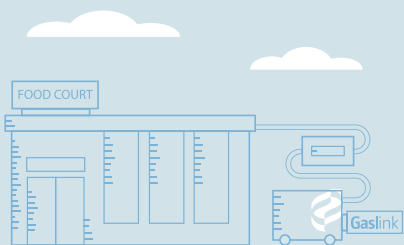


**FLOATING STORAGE REGASIFICATION UNIT (FSRU)**  
FSRU convert the LNG to high quality natural gas.

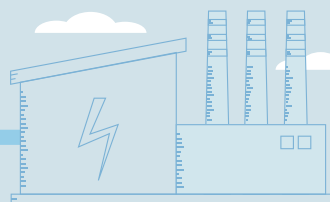
PGN has 2 LNG regassification facilities, that is FSR U Lampung and FSR U Jawa Barat.



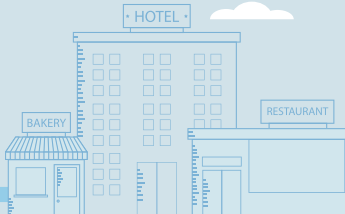
**GAS TRANSPORT MODULE (GAS LINK)**  
Gas Link is the solution for delivering natural gas to location that not connected to natural gas pipelines.



**COMMERCIAL CUSTOMERS**  
MR U is the solution for gas filling station for transportation with CNG technology



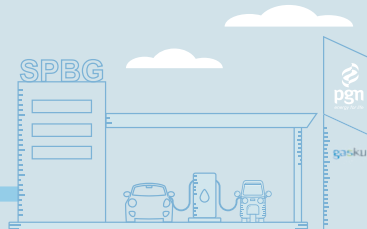
**POWER PLANT**  
Power plant which is powered by natural gas can operate more efficiently and environmentally more friendly than fuel and coal.



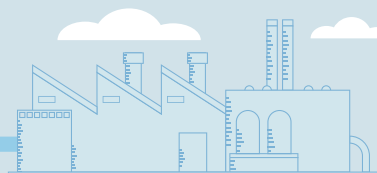
**COMMERCIAL CUSTOMERS**  
Efficiency and reliability is important factors on delivering energy to commercial customer. PGN natural gas could provide it.



**RESIDENTIAL CUSTOMERS**  
PGN served more than 160.000 residential customer in Indonesia which make PGN the biggest natural gas operator.



**GAS FILLING STATION (SPBG) AND MOBILE REFUELING UNIT (MRU)**  
PGN operating 15 SP BG and MR U to customer in transportation sector in 8 big city thorough out Indonesia.



**GAS FILLING STATION (SPBG) AND MOBILE REFUELING UNIT (MRU)**  
PGN operating 15 SP BG and MR U to customer in transportation sector in 8 big city thorough out Indonesia.

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

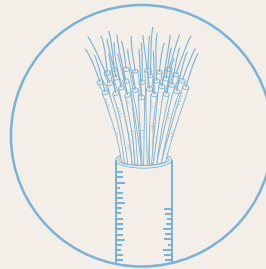
PGN's subsidiaries are moving together to increase the value that we provide to our Customer and Indonesia. Through providing high quality natural gas and reliable supply, the support of our subsidiaries on operations, expertise on engineering, archive and asset management, transmission pipeline management, 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 participates in 11 (eleven) oil and gas upstream blocks, both domestically and internationally, 8 (eight) of which are already in the production stage.



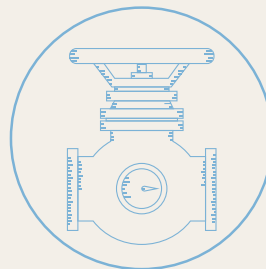
**pgn COM**  
*always reliable*

PGASCOM conducts business in the telecommunication sector that now has many opportunities and high growth potential as it complements its expertise with the creation of an integrated information technology solution and international commercial operations in Singapore.

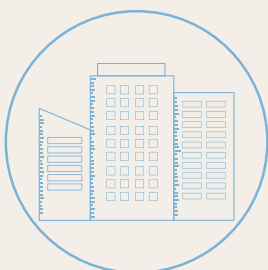


**pgn GAGAS**  
*brings energy to you*

GEI operates gas refueling stations for the transportation sector. Other than that, GEI also develops CNG business for industrial and commercial sectors especially for the market not being crossed over by the PGN gas pipeline.

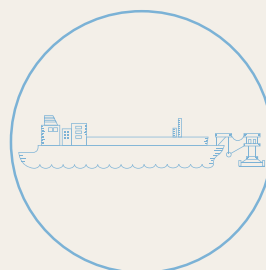


TGI manages the infrastructure of a transmission pipe that provides a high potential for industrial growth in the Riau Islands, a tax free industry area in Indonesia that directly faces the world trade route.



**pgn MAS**  
*commitment to people*

Growing from managing PGN's assets in the form of building and warehousing, PERMATA has developing his expertise into property developers. Now its property properties, HomeMAS became one of the property icons in Vida Bekasi area.



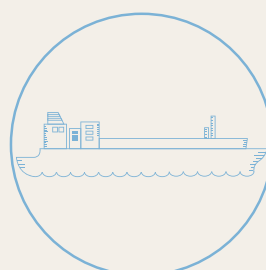
**pgn LNG**  
*born to make it happen*

PGN LNG has transformed into an important infrastructure that supports the reliability of gas distribution, especially with the Government's projection of the need for LNG imports in the coming years which is due to increased gas demand from the electricity and industrial sectors.



**pgn SOLUTION**  
*action for excellence*

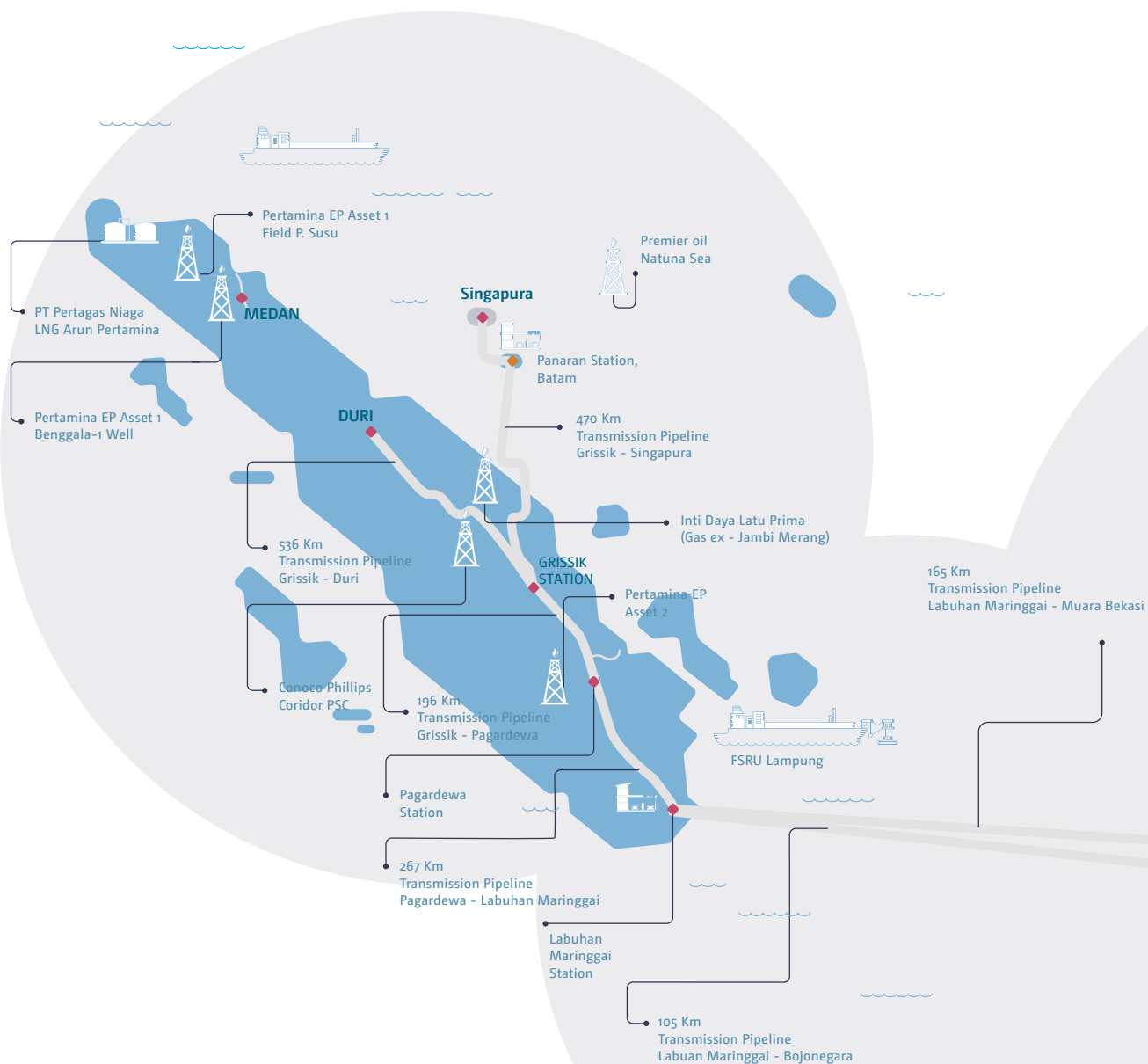
Carrying out operations and maintenance of PGN's entire natural gas network, PGASSOL is now developing its competence to become one of the national certification professionals for the gas industry.

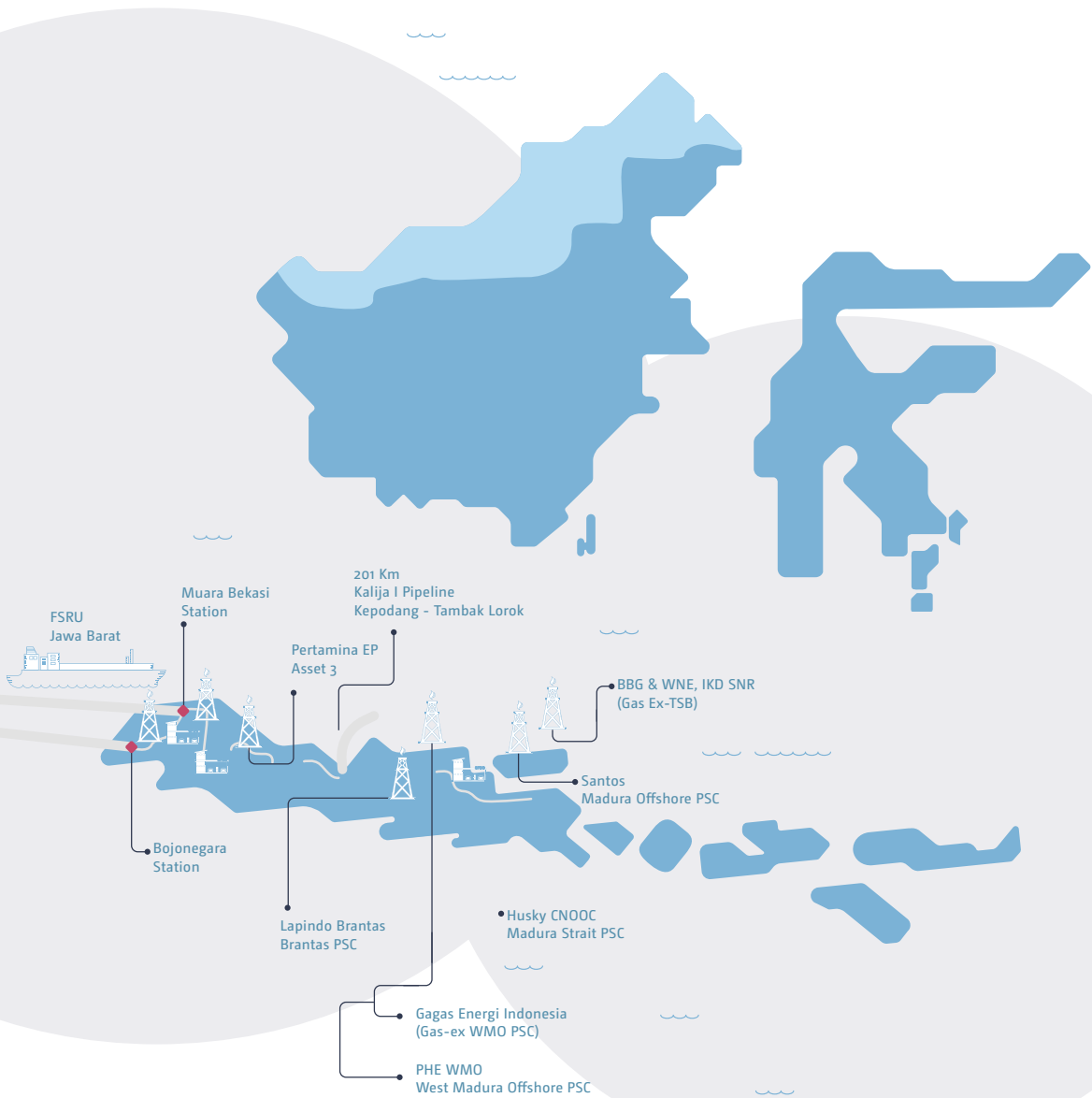
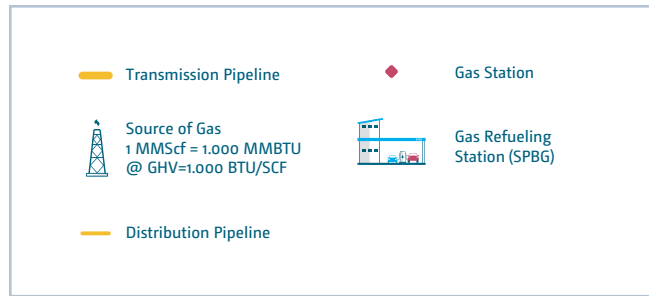


Nusantara Regas evolves and grows in line with the demand for natural gas to support the national electricity sector.

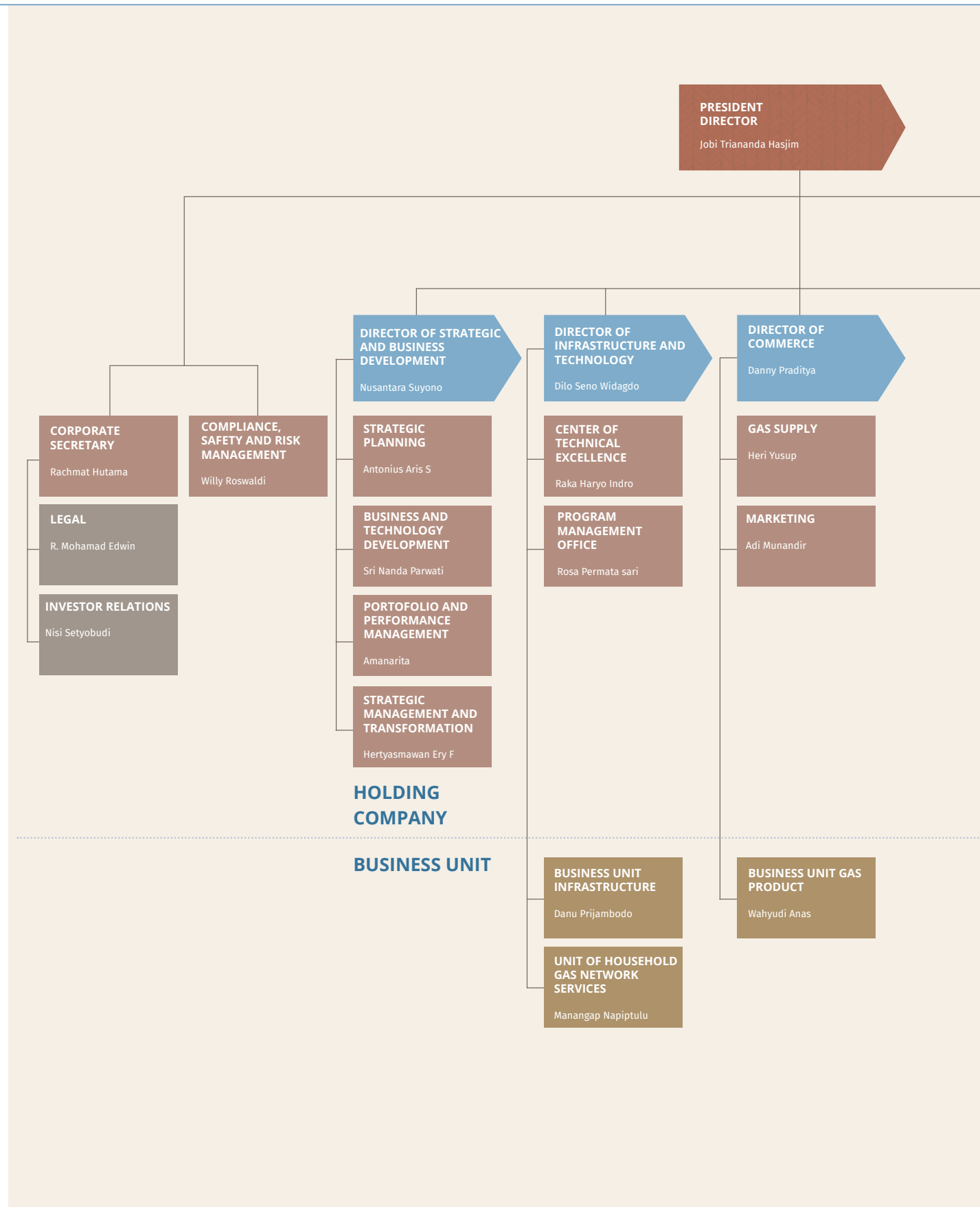
# GAS SOURCES AND NATURAL GAS INFRASTRUCTURE

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 39 cities and 12 provinces in Indonesia by serving power plant customers, industrial customers, commercial sector customers, household customers, and transportation segment.

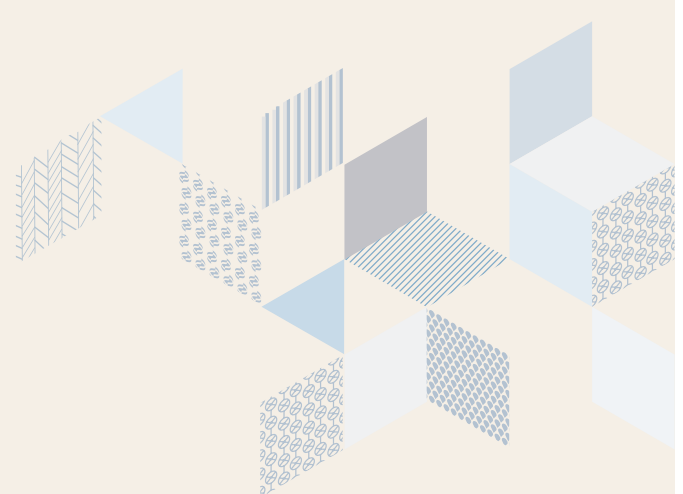
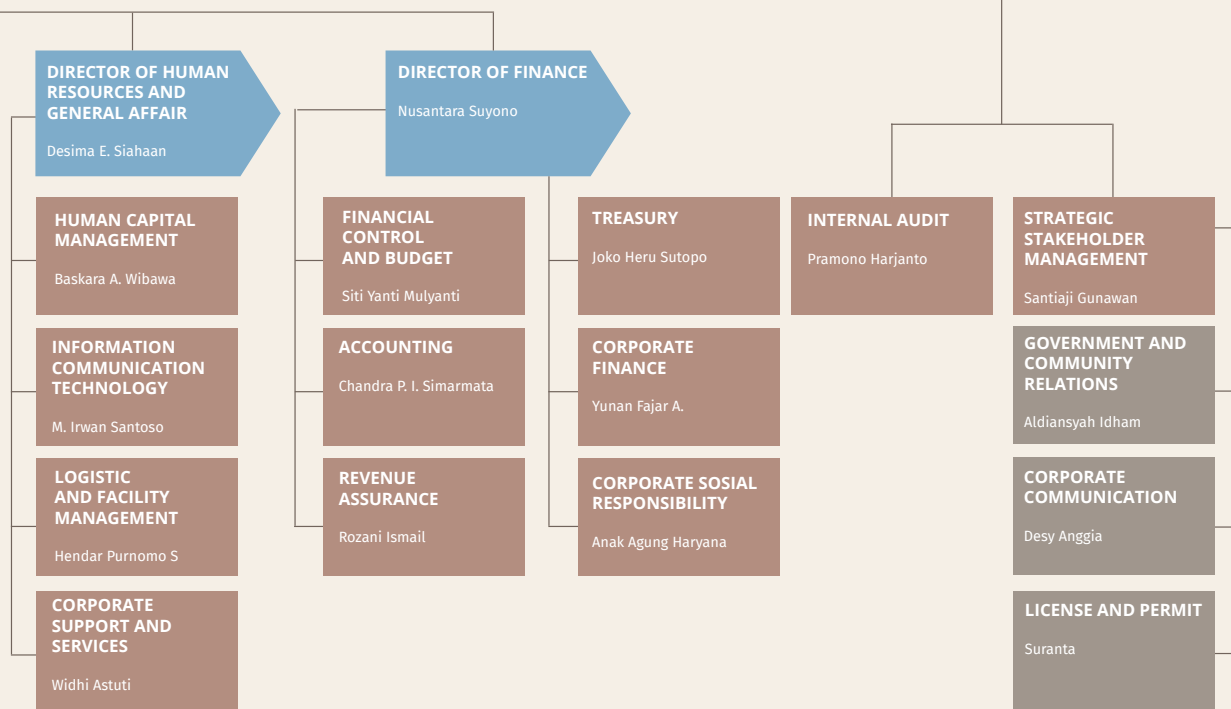




**ORGANIZATION STRUCTURE**



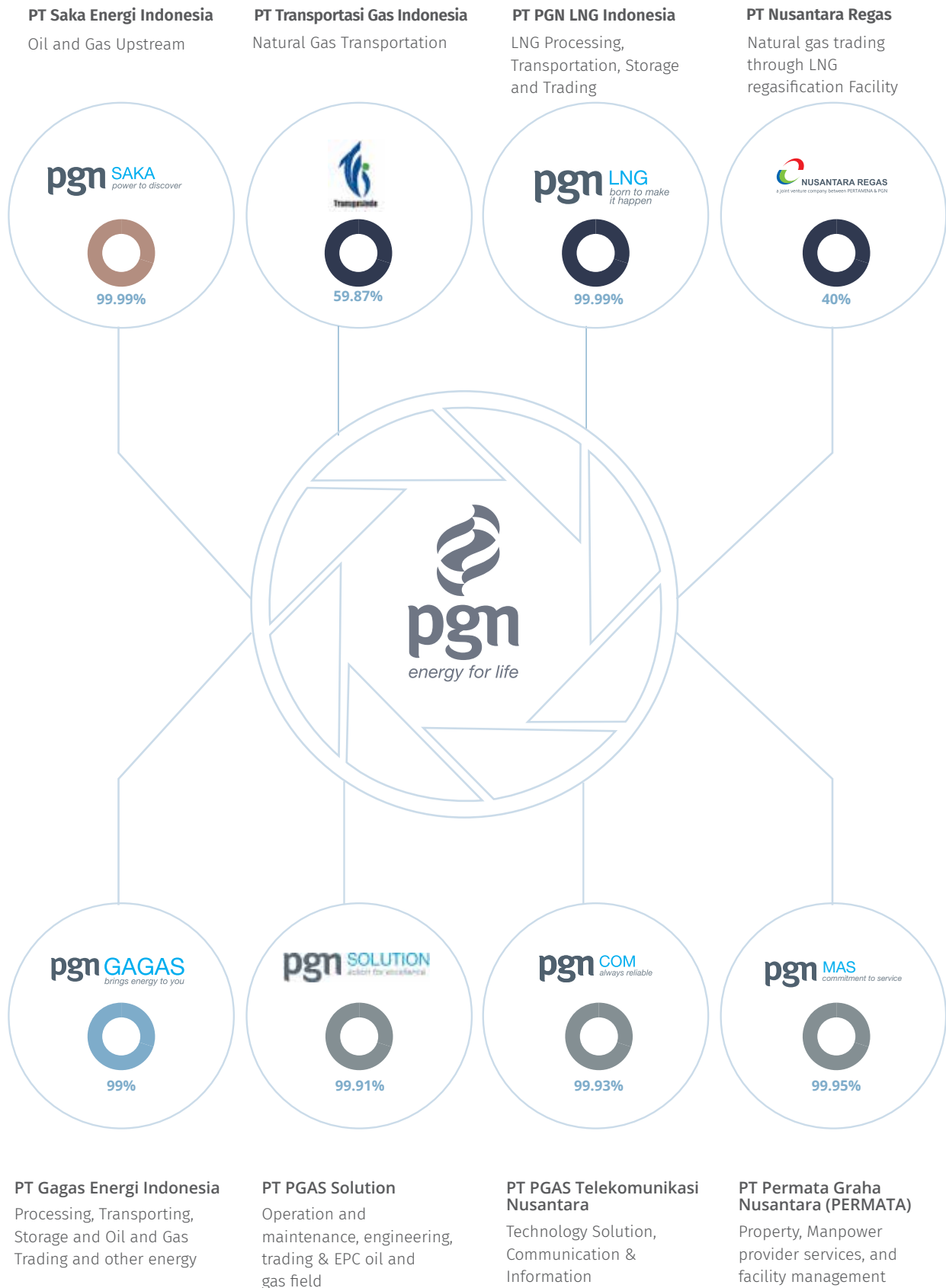






Optimizing PGN's warehouse and building assets, PERMATA Subsidiaries perform archive management efforts for PGN group as well as other external customers.

# PGN BUSINESS STRUCTURE



○ Upstream   
 ○ Midstream   
 ○ Downstream   
 ○ Others

## VISION AND MISSION



### VISION

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.

The vision and mission of PGN have been updated that stipulated based on the Resolutions of PGN's Board of Directors Number: 000303/KHM.03/UT/2015 dated January 8, 2015.

## THE COMPANY'S CULTURE



## THE COMPANY'S CULTURE

The Company's culture is a combination of the corporate values and beliefs principles in behaving, acting, and making decisions during the running of the business and organization to achieve common goals.

Along with the growth of PGN, the Company has transformed to strengthen its position as the leading energy company in Indonesia and with regard to the achievement of the Company's Vision and Mission.

The transformation was not only in the form of organization but strengthened by values that are believed can be implemented by each member of PGN or all members in the Subsidiary and Affiliated Companies, which included in the PGN Group.

ONE PGN for a better future ("ONE PGN") is a tagline that reflected the spirits of unity and togetherness of PGN Group to synergize. One PGN was born from the spirit of change in the diversity of PGN Group's characters and potentials, synergy in achieving the common goal to become the world-class company.



## THE MEANING OF ONE PGN FOR A BETTER FUTURE LOGO

The Circle shape describes the determination and spirit of PGN Group.

The Number One describes the unity, equality, and the same purpose of “One PGN for a better future” describes the one purpose of PGN Group, namely to become a company which always provide good energy so that the future of the company and Indonesian people will be better.

### CULTURAL VALUES AND CODE OF CONDUCT OF PGN GROUP MEMBERS

Professionalism, Continuous Improvement, Integrity, Safety, Excellent Service (ProCISE) have become the cultures for the behavior of each PGN’s Member. The Guidelines for PGN’s Corporate Cultures was stipulated based on the Resolutions of the Board of Directors Number: 010705.K/SM.02.02/UT/2009 dated May 12, 2009 concerning the Guidelines for Corporate Cultures.

The vision and mission of PGN have been updated that stipulated based on the Resolutions of PGN’s Board of Directors Number: 000303/KHM.03/UT/2015 dated January 8, 2015.

# 5 PGN'S CULTURES

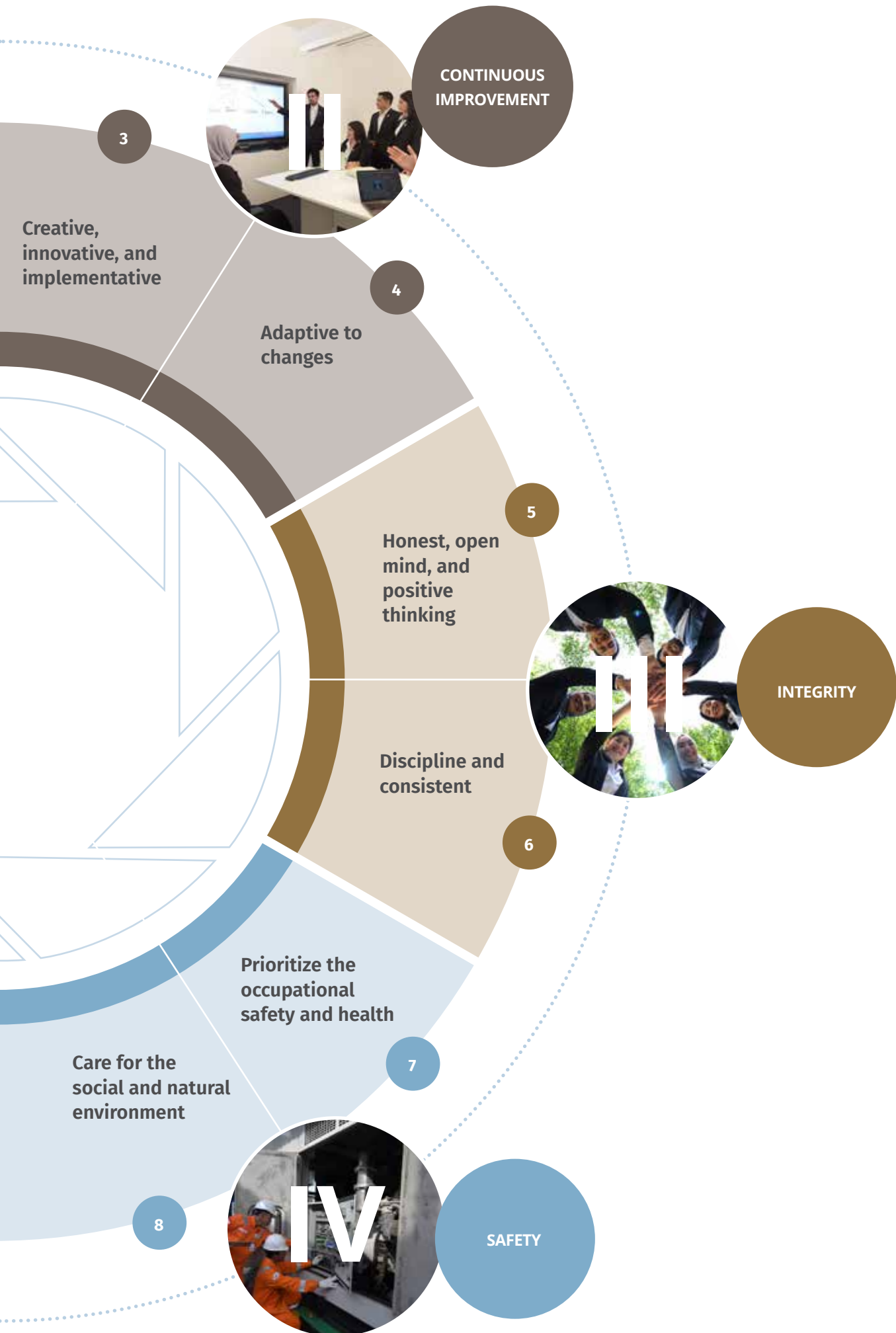
PGN's Code of Conduct that is based on the corporate culture values and the good corporate governance principles, PGN has prepared the Guidelines for Business Ethics and Work Ethics (Code of Conduct) of PGN's Members.

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.

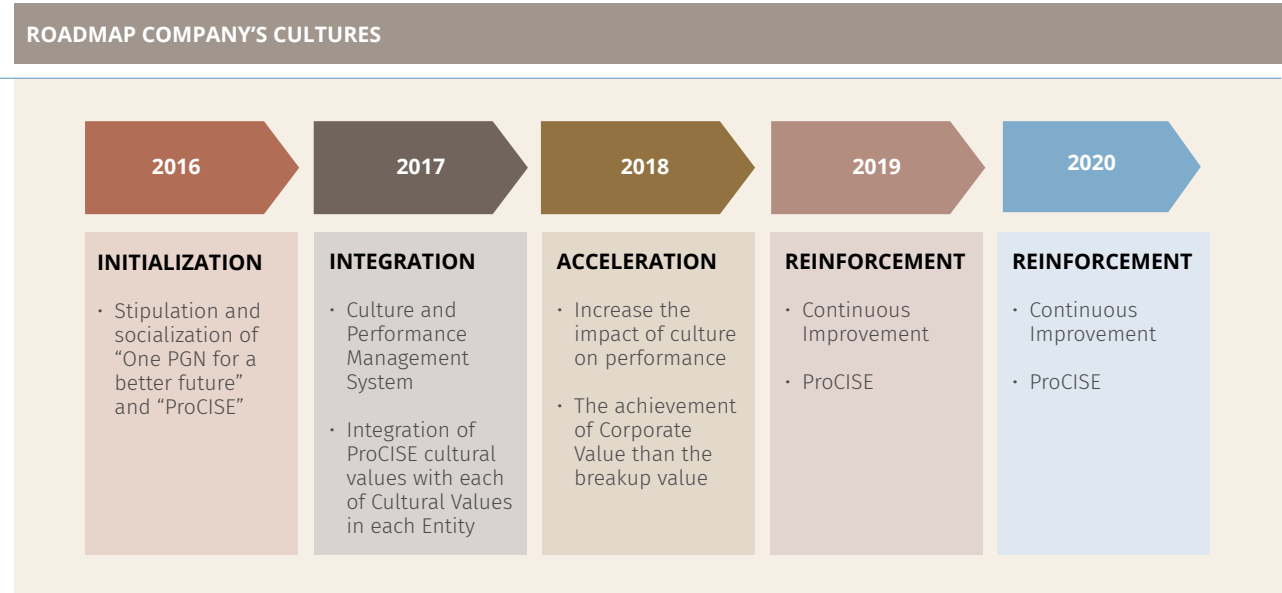
The Guidelines for Business Ethics and Work Ethics has been published and must be obeyed by all members of PGN.



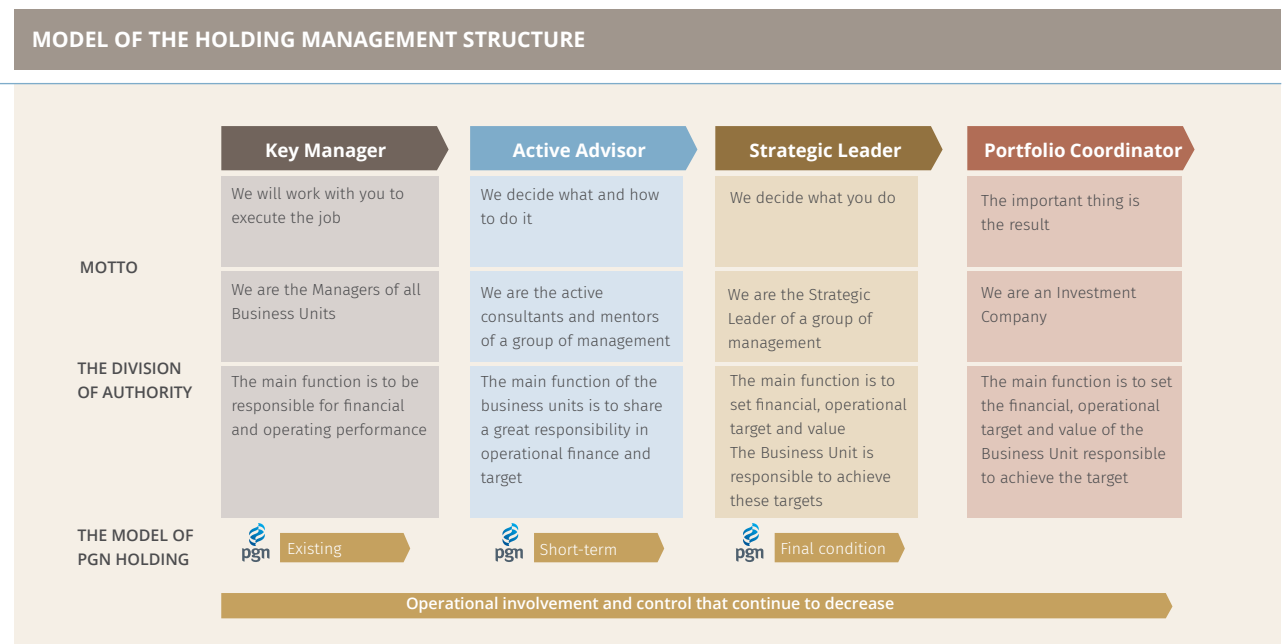




# THE IMPLEMENTATION OF THE COMPANY'S CULTURES



ProCISE as the company's cultures will be implemented to the Subsidiaries and Affiliations, which the end goal in 2020 is the ProCISE has been applied as the Company's Cultures in PGN and Subsidiary Companies as well as Affiliated Companies and become the basis for behavior of every member of PGN, so as ONE PGN is achieved. Since several Subsidiaries and Affiliations have had the Company's Cultures, then the implementation process of this Corporate Cultures was starting from the undertaken of Corporate Values calibration to the respective of Subsidiaries and Affiliations, that include the Priority Level and Assignment Level of Corporate Values. That corporate values calibration will determine the culture maturity level that is applied in PGN as the Holding Company, or the respective Subsidiaries and Affiliations.



## THE ACTIVITIES OF CORPORATE CULTURES IMPLEMENTATION



1. PGN Innovation Award, an annual agenda that create an impact on the efficiency and productivity improvements through the latest technical and commercial innovations.
2. Knowledge Talk, routinely held by inviting experts in a particular field.

3. Learning Week, "Skill for Future". Routine agenda throughout PGN's regional offices to improve the competency and vision.
4. Health Talk, routinely held to improve understanding about health and to improve work productivity.

### PGN'S CULTURES PROGRAM

#### Corporate Culture Program

In order to implement the PGN ProCISE culture, in 2017, the Company has developed a Cultural Program called "World Class Action" implemented throughout PGN Group environment. The World Class Action Cultural Program has 5 cultural work programs:

1. Safety First
  - Prioritizing safety by always being sensitive and concerned about the self-safety at work and ensuring a safe, healthy and comfortable working environment, with the following work programs:
    - a. Every meeting activity begins with a safety contact;
    - b. Safety Action by complying to the OHS provisions (Occupational Health and Safety);
    - c. 5R Action, by creating and maintaining the comfort and cleanliness of work environment OHS.

2. Effective Meeting
  - Implementation of effective meeting within Company's environment, both in virtual and face-to-face meetings through effective and efficient planning and optimization of technology usage, expected to increase employee productivity.
3. English for Business Communication
  - Emphasizing the importance of employees having fluent English skill as a basic competence to communicate with the goal to be a world class company.
4. Professionalism at Work
  - Emphasizing the importance as employees behaving and dressed like a company leading to world class.
5. Active Participation in Professional Community
  - Encourage employees to participate actively within the professional community to support its function within the Company, improve networking and gain easy access related to its work field, without neglecting the work of its main task.

# PROFILE OF THE MEMBERS OF THE BOARD OF COMMISSIONERS



**FAJAR HARRY SAMPURNO**  
PRESIDENT COMMISSIONER

An Indonesian citizen, Born in Blitar April 18, 1966, aged 51 years. He has a Bachelor degree from Brawijaya University, Master of Technology Management degree from Monash University, and Doctoral of Strategic Industries degree from Iowa University. His recent work experience is as the Deputy of Mining, Strategic Industries, and Media Businesses, the Ministry of State-Owned Enterprises until now.

Appointed the first time as the President Commissioner of PGN in the PGN's Annual General Meeting of Shareholders on April 8, 2016.

Has affiliation with the Republic of Indonesia which is the main shareholder of PGN, in his position as Deputy for Mining Business, Strategic Industry and Media, Ministry of SOEs.



**MOHAMAD IKHSAN**  
COMMISSIONER

An Indonesian citizen, born in Sigli, November 7, 1964, aged 53 years. He has Bachelor of Economics degree from the University of Indonesia, Master of Economics degree from Vanderbilt University, and Ph.D. in Economics degree from Illinois University.

His recent work experience is the Advisor of the Vice President of the Republic of Indonesia until now.

Appointed the first time as the Commissioner of PGN in the Annual General Meeting of Shareholders on April 6, 2015.

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



**PAIMAN RAHARJO**  
INDEPENDENT COMMISSIONER

An Indonesian citizen, born in Klaten, June 15, 1967, aged 50 years in 2016. He has a Bachelor of Economics degree from the University of Indonesia, Master of Economics Administrative Sciences degree from University of Prof. Dr. Moestopo, and Doctoral of Administrative Sciences degree from the University of Padjajaran.

His recent work experience is as the Commissioner of PT Food Station Tjipinang Jaya until now.

Appointed the first time as the Independent Commissioner of PGN in the Annual General Meeting of Shareholders on April 6, 2015.

There is no affiliation with the members of the Board of Directors and other members of the Board of Commissioners, or the majority and/or controlling shareholder.



**KISWODARMAWAN**  
INDEPENDENT COMMISSIONER

An Indonesian citizen, born in Surabaya, December 28, 1957, aged 61 years in 2016. He has a Bachelor of Civil Engineering from Surabaya Institute of Technology. His recent work experience is as the President Director of PT Adhi Karya (Persero) Tbk.

Appointed the first time as the Independent Commissioner of PGN in the PGN's Annual General Meeting of Shareholders on April 8, 2016.

There is no affiliation with the members of the Board of Directors and other members of the Board of Commissioners, or the majority and/or controlling shareholder.



**IGN WIRATMAJA PUJA**  
COMMISSIONER

An Indonesian citizen, born in Bali December 21, 1963 (54 Years). He has a Bachelor of Mechanical Engineering degree from Bandung Technology Institute (ITB), Master and Ph.D. of Mechanical Engineering degree from Kentucky University, USA.

His recent work experience is as the Director General of Oil and Gas, the Ministry of EMR until August 2017 and Head of HR Development Agency, Ministry of EMR until now.

Appointed the first time as the Commissioner of PGN in the Annual General Meeting of Shareholders on April 6, 2015.

Having affiliation with the Republic of Indonesia who is the main shareholder of PGN, in his position as Head of Human Resource Development Agency, Ministry of Energy and Mineral Resources.



**HENDRIKA NORA OSLOI  
SINAGA**  
COMMISSIONER

Indonesian citizen, born in Medan, June 7, 1970 (47 years). Educational history Bachelor of Engineering from Bandung Institute of Technology, Master of Economics from University of Indonesia. Recent work experience as Deputy Assistant for Energy, Logistics, Regions and Tourism Business, Ministry of State-Owned Enterprises until now.

Appointed the first time as Commissioner of PGN in the Annual General Meeting of PGN dated May 4, 2017.

Having affiliation with the Republic of Indonesia which is the main shareholder of PGN, in his position as Deputy Assistant for Energy Business, Logistics, Regions and Tourism, Ministry of SOEs.

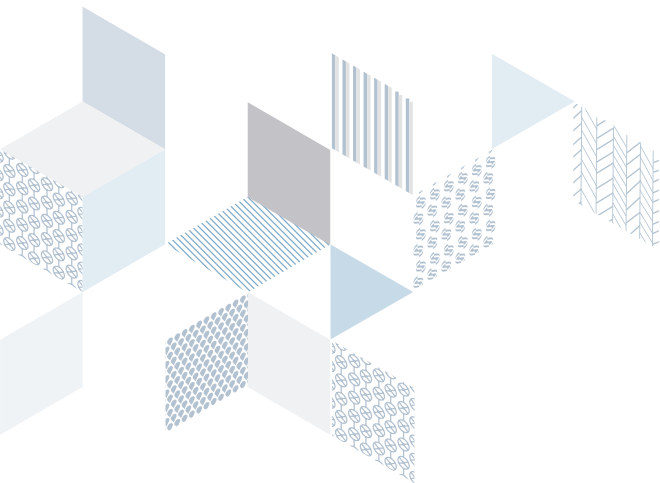
## PROFILE OF THE SECRETARY OF THE BOARD OF COMMISSIONERS



THOHIR NUR ILHAMI

An Indonesian citizen, born in Semarang on September 26, 1959, 58 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.





# PROFILE OF THE MEMBERS OF THE BOARD OF DIRECTORS



**JOB TRIANANDA HASJIM**  
PRESIDENT DIRECTOR

Indonesian citizen, born in Bandung on April 6, 1964 (53 years). Graduated from Mechanical Engineering, Trisakti University in 1988, and Master of Mechanics of Materials, University of Strathclyde Glasgow, England in 1995.

Appointed as President Director since May 4, 2017. Previously served as President Director of PT Rekayasa Industri since April 22, 2016, Director of Commercial since May 22, 2012, Director of Technology and Development of PGN since April 6, 2011. His career with PGN since 1988, among others as General Manager of SBU I West Java, SBU Distribution Area I,

and as Coordinator of Gas Pipeline Development Projects. Network Construction (PPJPGGB). The legal basis for the first appointment as President Director is the AGMS Decision dated May 4, 2017, Director of Technology and Development is the EGMS of Shareholders dated April 6, 2011 and as the Director of Commercial is the AGMS on May 22, 2012. Assigned as President Commissioner of PT Transportasi Gas Indonesia since 1 June, 2017 until now.

Has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, nor any major and/or controlling shareholders.



**NUSANTARA SUYONO**  
DIRECTOR OF FINANCE CUM  
DIRECTOR OF STRATEGY AND  
BUSINESS DEVELOPMENT

An Indonesian citizen, born in Rome on December 11, 1963, aged 54. Graduated from University of Houston, Texas with a Bachelor degree in 1986.

Serves as a Director since April 8, 2016. Previously served as the Group Head Executive Officer of PGN since 2015, Senior Executive Officer of Investor Relations of PGN in 2014-2015, and as the Head of Investor Relations Department of PGN in 2012-2014.

The legal basis for the first time appointment as the Director is the Resolutions of the Annual General Meeting of Shareholders on April 8, 2016. Assigned as the Commissioner of PT Saka Energi Indonesia since November 1, 2012 until now.

There is no affiliation with the other members of the Board of Directors and the members of the Board of Commissioners, or with the majority and/or controlling shareholder.



**DILO SENO WIDAGDO**  
DIRECTOR OF INFRASTRUCTURE  
AND TECHNOLOGY

An Indonesian citizen, born in Jakarta on April 3, 1969, (48 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 Ketrosden Triasmitra in 2008-2011, the Chief Executive Officer of PT Guna Arti in 2004-2008 and in 2001 - 2004 served as the Marketing

and Business Development Director of PT Anyar Katon.

The legal basis for the first time appointment as the Director is the Resolutions of 2016 Annual General Meeting of Shareholders on April 8, 2016. Assigned as the President Commissioner of PT PGAS Solution since October 1, 2017 until now and as The President Commissioner of PT Kalimantan Jawa Gas since Mei 10, 2016 until now.

There is no affiliation with the other members of the Board of Directors and the members of the Board of Commissioners, or with the majority and/or controlling shareholder.





**DANNY PRADITYA**  
DIRECTOR OF COMMERCE

An Indonesian citizen, born in Jakarta on September 13, 1978, aged 39 years. Graduated from University of Indonesia with a Bachelor degree in 2001 and from Karlsruhe University of Applied Science, German, with a Master degree in 2004.

Serves as a Director since April 8, 2016. Previously served as the President Director at the Subsidiary PT Gagas Energi Indonesia since 2013 and the President Director of PT Citra Nusantara Gemilang in 2006 – 2013.

The legal basis for the first time appointment as the Director is the Resolutions of the 2016 Annual General Meeting of Shareholders on April 8, 2016. Assigned as the President Commissioner of PT PGN LNG Indonesia since 1 May, 2016 until now and as the President Commissioner of PT Gagas Energi Indonesia since August 15, 2017 until now.

There is no affiliation with the other members of the Board of Directors and the members of the Board of Commissioners, or with the majority and/or controlling shareholder.

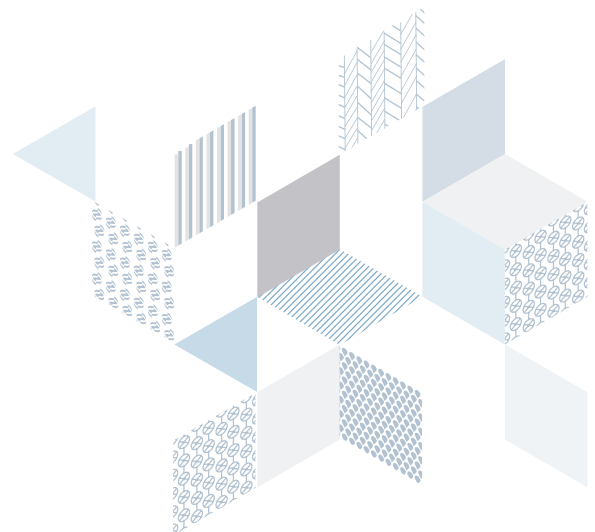


**DESIMA E. SIAHAAN**  
DIRECTOR OF HUMAN RESOURCES  
AND GENERAL AFFAIR

Indonesian citizen, born in Jakarta on December 6, 1967 (50 years). Graduated with a Bachelor degree in Management at Padjadjaran University Bandung in 1991 and Graduate Program (S2) of Marketing at Oklahoma City University, USA. Appointed as Director since May 4, 2017, her career with PGN since 2004, among others as Corporate Secretary in 2017, Division Head of Corporate Support & Service 2015, Head of Secretariat of PT Perusahaan Gas Negara (Persero) Tbk, 2014-2015, and Department Head of PT Perusahaan Gas Negara (Persero) Tbk, 2011-2014.

The legal basis for the first appointment as Director is the Annual GMS Decision 2017 dated May 4, 2017. Assigned as President Commissioner of PT Permata Graha Nusantara since June 1, 2017 until now.

There is no affiliation with the other members of the Board of Directors and the members of the Board of Commissioners, or with the majority and/or controlling shareholder.



# CHANGE OF THE BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS PGN DURING THE BOOK YEAR 2017

During the fiscal year 2017, there were several changes to the composition of members of the Board of Directors and Board of Commissioners of PGN, as follows:

CHANGES OF PGN BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS IN 2017				
No.	Name	Last Position	Appointment Date	Date of Termination
1.	Hendi Prio Santoso	President Director	May 22, 2012 (for second term)	May 4, 2017
2.	M. Wahid Sutopo	Director of Strategy and Business Development	April 8, 2016 (for second term)	May 4, 2017
3.	Hendi Kusnadi	Director of Human Capital and General Services	May 22, 2012	May 4, 2017
4.	Tirta Hidayat	Commissioner	April 6, 2015	May 4, 2017
5.	Gigih Prakoso	Director of Strategy and Business Development	May 4, 2017	August 15, 2017



Implementation of the AGM on May 4, 2017 in Jakarta.

# CORPORATE SECRETARY PROFILE



RACHMAT HUTAMA

Indonesian citizen, born in Jakarta on July 13, 1973.

Graduated with a degree in Law at Diponegoro University in 1996. Appointed as Corporate Secretary since July 3, 2017. He started his career as a Staff, Legal and Public Relations Division. Head of Legal Division started in 2014 up to assigned as Corporate Secretary.

There is no affiliation with the other members of the Board of Directors and the members of the Board of Commissioners, or with the majority and/or controlling shareholder.

# DIVISION HEAD INTERNAL AUDIT PROFILE



PRAMONO HARJANTO

An Indonesia citizen, born in Yogyakarta on August 14, 1970 (47 years).

Graduated from the University of Gadjah Mada Yogyakarta with a Bachelor degree in Accounting in 1996, obtained the State Accounting Registration D-17464. Started his career in the field of Supervision as the External Auditor in Hans Tuanakota & Mustofa (HTM) Public Accountant/Deloitte Touche Tohmatsu International as the Senior Auditor in 1997 until 2001, then continued his career as the Internal Audit Supervisor in Petrochina International

Companies since 2001 until 2005, as the Senior Manager Internal Audit in PT Transportasi Gas Indonesia since 2005 until 2013.

Besides the structural positions, he also actively participated in the Internal Control Unit Communication Forum (FKSPI) activities as the Chairman IV of Organization in the Central FKSPI since 2013.

There is no affiliation with the other members of the Board of Directors and the members of the Board of Commissioners, or with the majority and/or controlling shareholder.

## HUMAN CAPITAL

In facing business environment changes challenges, PGN has set series of transformation stages that were started from the Active Advisor stage to the main transformation purpose namely the Strategic Leader. The transformation process being implemented requires the Change Management which roles are to ensure the readiness, availability, and ability of the organization to operate in the new condition. PGN involves its employees to become the Change Agents, with the main activities include anticipation and accommodation for resistance to changes, creating Change Agents that are capable of working in the new condition, as well as monitoring and guiding the implementation of changes. Furthermore, in the process of employees fulfillment, PGN has implemented the employees placement based on the competencies and requirement of the new organization.

### PROFILE AND NUMBER OF PGN'S EMPLOYEES

PGN's employees in 2017 was 1,339 people, decrease to 6% from 2016 amounting to 1,426 people. The decrease of number of employees was in line with the PGN's efforts in implementing the business transformation and improving the company's productivity in order to become the world-class energy company in the gas sector. PGN's effort to create the conducive work environment delivers real results, reflected in the low employees turnover rate.

The low turnover rate would make the costs of employees competencies development and recruitment become more efficient, therefore it would have a positive influence company's performance. During the reporting year of 2017, there were 98 (ninety eight) employees who stopped working for PGN.

The cause of the resignation of such employees generally was a natural since they were entering the retirement period or passed away. There were only 11 (eleven) employees that stopped working due to resignation on their own request for personal reasons. Along with the external condition changes, the business targets and strategic development continue to develop dynamically. Hence, the Human Capital Management was constantly adjusted to the PGN's strategic framework and position in order to realizing the long-term goals that are reviewed periodically.

According to the development stage in the Company's Long-Term Plan (RJPP), the Human Capital management has now entered the second stage, namely the "Capability Development to New Business Area" which is was marked by the realization of business development investment to for upstream and downstream business. In accordance with to that stage, the Human Capital management orientation has been transformed, namely from the "Strengthening the Fundamentals of Human Capital Management" into the "Competence Enhancement for Entering New Business".



Innovation award routinely held in order to obtain fresh idea to improve our services to our customer and improve standard quality of our work.



THE NUMBER OF EMPLOYEES BASED ON THE EMPLOYMENT STATUS		
Employment status	2017	2016
Permanent	1,339	1,426
Contract	-	-
<b>Total</b>	<b>1,339</b>	<b>1,426</b>

THE NUMBER OF EMPLOYEES BASED ON THE ORGANIZATION LEVER GROUP		
Position Group	2017	2016
Top management	88	74
Middle management	168	158
Basic Management	709	682
Executor	374	512
<b>Total</b>	<b>1,339</b>	<b>1,426</b>

THE NUMBER OF EMPLOYEES BASED ON EDUCATIONAL BACKGROUND		
Educational	2017	2016
Strata 3 (S3)	1	1
Strata 2 (S2)	131	132
Strata 1 (S1)	621	640
Diploma	398	434
High School (SLTA)	188	219
<b>Total</b>	<b>1,339</b>	<b>1,426</b>

## THE COMPETENCY DEVELOPMENT

PGN has had the competency development program that was planned, systematic, and focused in accordance to company's business development. One of the main competency development programs which have had been implemented consistently was the Educational and Training Program (Diklat) that supported processes of human capital perseverance and quality improvement. Each of PGN employee is required to have a good competency in accordance with his position during 2017. PGN allocated average of 6 man-days training for every employee to support the development or fulfillment of the employee's competency gaps.

No.	Category
1	Education among Other
	a. Diploma Education STEM- Akamigas Cepu 1 Program participated by 10 Participants
	b. S2 Overseas (Scholarship) 6 courses participated by 6 participants
	c. S2 Overseas (Self-management) 4 courses participated by 4 participants
	d. Bachelor Program in Indonesia (Self-management) 4 courses participated by 22 participants
2	In-house and Public Training
	A. Managerial Competency (In-house and Public) 25 programs participated by 461 participants
	They are:
	Emerging Leaders (3 batch), Leadership for Middle Manager (2 batch), Manager Development Program Module 1 (3 batch), Manager Development Program Module 2 (3 batch), Manager Development Program Module 3 (3 batch), Manager Development Program Module 4 (3 batch), Executive Use of KPKU to Drive Leadership in Achieving Excellence Business Performance (3 batch), First-Line Development Program, EDP Module 1, EDP Module 2, Senior Leadership Development Program (2 batch)

No.	Category
B.	Specialized Competency (In-house and Public) 190 programs participated by 1,916 participants
	They are:
	<p>a). Engineering, Operations and Commercial</p> <p>Process Hazard Analysis Session 1, Marketing Intelligence, Training of Trainer Pipe and Galvanis, Technical Project for Non-Engineering PMO Infrastructure Batch I, Workshop on Development and Competence, Certification Scheme for Pipe PE and Galvanized Pipe, Process Hazard Analysis Session 2, Training and Certification of Competency Assessors for Gas Distribution, Technical Training for Non-Engineering Project PMO Infrastructure Batch II, Lightning Protection, Valuable PMO Workshop, Gas System &amp; Networks Training Batch 1, Implementation of ISO 9001 Quality Control and Continuous Workshop, Improvement of Natural Gas Energy Measurement, Mechanical Integrity &amp; Quality Assurance Training Session 1, Gas System &amp; Network Batch 2, Business Strategy and Simulation Training, Workshop of PE Pipe Module, Receivable Management, Billing and Payment Guarantee Batch I, Account Receivable Management, Billing and Payment Guarantee Batch II, Project/Program Management: Managing Multiple Projects Mechanical Integrity and Quality Assurance Session 2, Training of International Standards on Natural Gas Measurement, Knowledge Talk, Certification Training of P3K Officer, Batch 1, Negotiation &amp; Effective Communication Skill Batch 1, Certification Training for First Aid Officer, Batch 2, Negotiation &amp; Effective Communication Skill Batch 2, Monitoring &amp; Evaluation Implementation Measurement Improvement Program (MIPro) SIMAG PGASSOL Team - Jakarta, Monitoring &amp; Evaluation Implementation Measurement Improvement Program (MIPro) SIMAG PGASSOL Team - Tangerang, Monitoring &amp; Evaluation Implementation Measurement Improvement Program (MIPro) SIMAG PGASSOL Team - Bojonegara, Monitoring &amp; Evaluation Implementation Measurement Improvement Program (MIPro) SIMAG PGASSOL Team - Surabaya, Competency Refreshment on Construction Worker Batch 1, Certification Training of First Aid Batch 3 Certification Training of Firefighters, Level D Batch 1, Gas System &amp; Network Batch 3 Refreshment Competency of Construction Worker Supervision Batch 2, Refreshment Competency on Construction Worker Supervision Zone 2 Batch 1 (Engineering), Refreshment Competency on Construction Worker Supervision Zone 2 Batch 1 (Non-Engineering), Refreshment Competency on Construction Worker Supervision Zone 2 Batch 2 (Engineering), Refreshment Competency on Construction Worker Supervision Zone 2 Batch 2 (Non-Engineering), Refreshment Competency on Construction Worker Supervision Zone 3 Batch 1 (Engineering), Refreshment Competency on Construction Worker Supervision Zone 3 Batch 1 (Non-Engineering), Refreshment Competency on Construction Worker Supervision Zone 3 Batch 2 (Engineering), Refreshment Competency on Construction Worker Supervision Zone 3 Batch 2 (Non-Engineering), Firefighter Training, Level D Batch 2 Workshop on Upgrading Chiller, Safety Management Evaluation Workshop, Safety Management Workshop For Executive, Customer Relation Management Batch 1, Training on Drafting and Implementing Environment &amp; B3 License and B3 Waste Management, Customer Relation Management Batch 3 Natural Gas Infrastructure Tariff Determination &amp; Evaluation, Competence Refreshment on Construction Worker Supervision Zone 1 (Non-Engineering) Batch 1, Competence Refreshment on Construction Worker Supervision Zone 1 Batch 2 Customer Relation Management, Batch 4, Electricity Training, Workshop on Professional Certification Batch 1 Workshop on Professional Certification Batch 2, Training and Certification of Competency Assessor on Gas Pipe Installation (BNSP Certification) Batch 2, Network Access Rules and Code, Contract Management for Sales, Coating Inspector Level 2, FSRU &amp; Small Scale LNG Shipping Forum 2017, Indonesia Seminar Railway Conference 2017, Introduction to Marketing Intelligence, Workshop on Implementation of Two Days National Construction Service Law, Wow Brand Festive Day, Qualification of Oil and Gas Rotating Equipment Inspector, Technical Guidance on Oil and Gas Inspection, Executive Forum on Operational Risk Management and Dupont Safety and Sustainability, General OHS Expert ASEAN Marketing Summit, Petronas LNG Course (Natural Gas Course), Qualification Technical Guidance of Expert Inspector Pipe Distributors Batch XIII, Certified Professional Marketer (Asia), Oil and Gas OHS Engineer, Basic Sea Survival, Energizing Indonesia 2017 Forum, Marketing and Sales Product in Oil and Gas Industry, OHS-MS Ministry of Manpower Batch VIII, SSPC Protective Coating Inspector Indonesia, International Ship and Port Security Code (ISPS Code), Navigating the Unpredictable, Non Destructive Test (NDT), Risk Engineering Applicable for Oil and Gas Industries</p>

No.	Category
b).	<p>Finance</p> <p>Project Finance, Investment Portfolio Analysis, Workshop on Filling SPT @ Ketapang, Workshop on SPT @ Manhattan Filling, Tax for Non Tax Officer Training Batch 1, Tax for Non-Tax Officer Batch 2, Training on Financial Statement Analysis and Analysis PSAK Batch 2, The current tax issues in 2017 and its Tax Audit and its Handling Efforts, Operational Fund Management and Accounts Receivable, CSR Partnership Program, Debt Management and Accounts Receivable Batch 1, Debt Management and Accounts Receivable Batch 2, Financial Risk Management, Basic Accounting Application, Fund Manager, International Trade Finance on Standby LC and Demand Guarantee, The Digital Economy (Innovation, Growth &amp; Sustainability)</p>
c).	<p>Administration &amp; General Affairs</p> <p>Batch 1, Workshop Culture Champions Batch 2, Workshop Culture ChampionsBatch III, Workshop Culture Champion Batch IV, Workshop Culture Champion Batch V, Workshop Culture Champion Batch VI, Basic Security Management System, Workshop Culture Champions Batch 7, Training on Interpretation &amp; Assessment of KPKU Version 2017-2018 For Champion Team Implementation, Business Introduction of PGN Group Program, Updated PSAK Training according to IFRS Convergence, New Employees Induction &amp; CEPAT Introduction Program, Career Workshop, PGN Tolerance, Training on Tableau Desktop Fundamentals, Training on Intellectual Property Right, Strategic Business Analysis Training, Workshop on Drafting Patents Training, Auditing For Non-AuditorsBatch 1, Digital Transformation Workshop, Training For Basic Trainer HSSE, Auditing For Non-Auditors Batch 2, Negotiation Skills For Procurement and Contract Specialist Batch 1, Negotiation Skills For Procurement and Contract Specialist Batch 2, Negotiation Skills For Procurement and Contract Specialist Batch 3, Training of KPKU BUMN Assessors, Digital Transformation Workshop Batch 2, Preparation Course KPKU BUMN 2017, Excel for Advanced and Infographic for Presentation Batch 1, Workshop on Asset Management Based on ISO 55000 - Development &amp; Auditing Phase 2, Advanced Negotiation Skill, Coaching for Performance Batch 1, Excel for Advanced and Infographic for Presentation Batch 2, Coaching for Performance Batch 2, Powerful Presentation Skill Training, Good Corporate Governance Training Batch 1, Supply Chain Management Training within the scope of State-Owned Enterprises, Good Corporate Governance (GCG) Batch 2, Advanced Internal Audit II, IT Direction and Trend Internal Audit Basic Level 1, Compensation Planning and Budgeting Workshop, Employer Branding Seminar, Global Transformation Forum, Special Education Profession Advocate, 2017 Dunamis Study Launching &amp; Knowledge Sharing: Organization of the Future, Inauguration of Professional Internal Audit, Industrial Relations Workshop, Convergence of Work, Play &amp; Technology-a Series if Talking Millennials, GML Certified Human Resources Executive Program, Knowledge Management Summit 2017, Knowledge Management Summit 2018, Work Conference &amp; II FKSPI 2017, Masterclass Series XVI (Assessing Maturity Level on Implementation of Organizational Risk Management), Basic Education Assessment I for Property, Risk Modelling in Financial Institution, The 2nd Asia Pacific HR Forum The 9th Indonesia HR Summit, Indonesia Supply Chain Management Summit 2017, Basic Understanding of Arbitration and APS, Workshop on Legal aspects within SOE Environment, Ideafest 2017, Workshop on Legal Opinion &amp; Legal Audit, Assessor Preparation Course KPKU SOE, Mobile Programming with IONIC Framework, 2nd Indonesia Human Capital Summit 2017, Basic Training Asia Work, Government Relations, Internal Auditor Base II, Professional Financial Modeller , Workshop on Business Competition Law and Development Amendment Law no. 5 of 1999, Internal Audit Managerial Level, Balanced Score Card, Business Anaesthesia &amp; Valuation, Business Valuation Seminar, Conference on Enterprise Risk Management, Fraud Auditing, HR Digitalization (e-HRM) Master Class, Communication and Audit Psychology</p>

### B. Scholarships in Cooperation with High Schools

Taruna Nusantara High School and AKAMIGAS STEM Cepu In order to have the qualified candidates of manpower, PGN organized a Scholarship Program for the Selection of the Pre-Candidates of Employees (PBPSPCP) in cooperation with Taruna Nusantara High School in Magelang and AKAMIGAS STEM - Cepu to select scholarship recipient students who can be prepared as the candidates of employees that have capabilities in the Natural Gas industry. In 2017, PGN implemented scholarships for Diploma II & III of Gas Technology in AKAMIGAS STEM – Cepu for 10 participants with the investment amounted to Rp1,387,150,000.

### C. Internship and Bachelor/Master Program for Domestic and Foreign Studies

Master Program for Domestic and Foreign Studies With regard for employees improvement quality and competence as well as the addition of a more global insight and the company's progress, as well as to support the vision to become the worldclass company, PGN despatched 10 participants of Master Study Abroad Program to prominent universities in the United States of America, this program was focused on the majors that relevant with PGN's business.

PGN provides opportunities for workers to continue their education to the S1, S2 and S3 levels both in the form of self-managed education programs in order to improve worker competence. In 2017 there are 26 Workers who participate in self-managed education programs. 22 people joined self-managed education and 4 joined foreign self-education education.

### D. Program STAR (Talent Development Program)



Apart from that, to prepare the succession able to in answering business challenges in the future, PGN tried to prepare potential of future corporate leaders who are more mature through a comprehensive and integrated program. In 2014 and still continues up to 2017, PGN has started to launch the talent management program called as STAR Program, that is a combination of succession and talent management programs for PGN's future leaders. The talent management program is divided into 3 programs, namely EDP (Executive Development Program), MDP (Management Development Program), and FLDP (First Line Development Program).

#### 1. Executive Development Program (EDP).

EDP is a leadership program for Band F – H employees that focused on the preparation of PGN's leaders in the future and the competency enhancement in the form of interpersonal, leadership, and business skills. The development method is not only conducted through the training sessions in class, but also through the experimental learning where the participant made were required to develop a project that must be completed at the end of the program (project assignment). The Top Management has major involvement for this program, it could be seen with the appointment of the Board of Directors as mentors for projects undertaken by the EDP participants. The Executive Development Program (EDP) participants are also given the opportunity to participate in the graduate program in one of prominent business education institutions, which currently attended by 13 people who will have the Master of Management (MM) degree.



**2. Management Development Program (MDP).**

To prepare the sustainable leadership succession in PGN Group, then PGN developed the STAR Program that has been undertaken for the Band C – E employees which is called as the Management Development Program (MDP). This program is designed integrated with E-MBA program, therefore PGN cooperated with one of the prominent business education institutions in Indonesia for its implementation. The development program is implemented integrally, namely the Blended In-class program, online English training, leader camp, project assignment, coaching and mentoring from the relevant SME, and leadership sharing session from CEOs, both from domestic and abroad. In the first year, there were 4 study modules that must be completed, namely Module 1 (Managing Self and Others), Module 2 (Managing Business), Module 3 (Managing With Strategy) and Module 4 (Managing Human Resources). Further, the Management Development Program (MDP) participants attended the Executive program – MBA as much as 55 people who will have the Master of Business Administration (MBA) degree.

**3. First Line Development Program (FLDP).**

In preparing the sustainable leadership succession in PGN Group, then PGN developed the STAR Program for the Band A – B employees which is called as the First Line Development Program (FLDP). This program is designed to improve the leadership skills and to provide the managerial competence debriefing to the next level of careers. This development program is started in 2016, by requiring the participants to fulfill some of the talent program criteria. To prepare the talent development program, PGN has also appointed the HC committee and the Talent committee whose task is to determine the talent readiness, monitor, analyze and evaluate the talent development program regularly as well as to propose the talent program improvement.

**E. Learning Management System**

In order to improve the services in the implementation of Education and Training program, PGN developed a web-based online application. The purpose of this facility implementation is to accelerate the process, both from administrative side and education and training implementation as well as to enabling employees as the user to access content and information of education and training such as the Corporate Annual Education and Training Program Plan, Education and Training Syllabus and Module, as well as the Employees' Learning Schedule.

**F. English Program**

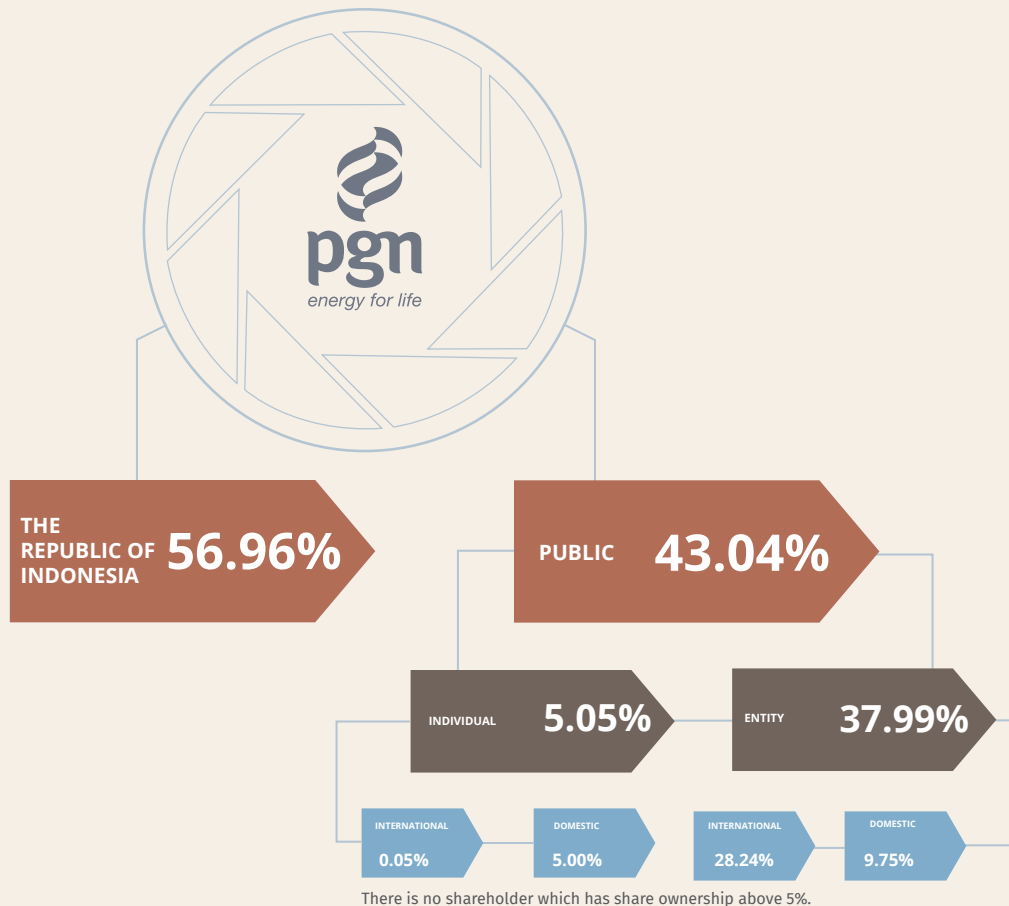
In order to improve the Employees' communication skills in English, the Company provided English training facility to all employees independently. Where the employees could choose their own provider (list as determined by the company) and the flexible training schedules adjusted with the employees' time. The Company will reimburse the costs incurred by the employees to participate in this program after the Employee completed each level of the program attended. The Company requires the employees at the level of Assistant Vice President and Vice President to participate in the English Proficiency Test (EPT) as one of the requirements in the talent program.

**EXPENSES**

During 2017, PGN has organized 11,594 man-days to realize the education and training program for employees with total expenses amounted to Rp46,895,026,871.

## SHAREHOLDERS INFORMATION

### THE SHAREHOLDERS COMPOSITION



### LIST OF TOP 20 SHAREHOLDERS\*

Major Domestic Shareholder List					Major International Shareholder List				
No.	Investor	City	Shares	%	No.	Investor	City	Shares	%
1	The Republic of Indonesia	Indonesia	13,809,038,756	56.96%	1	Petroleum National Berhad (Petronas)	Kuala Lumpur	638,922,400	2.64%
2	BPJS Ketenagakerjaan	Jakarta	829,827,200	3.42%	2	Eastspring Investments	Singapore	416,014,400	1.72%
3	BNP Paribas Investment Partners	Jakarta	161,264,800	0.67%	3	BlackRock Investment Mgt - Index	San Francisco	376,319,249	1.55%
4	AIA Indonesia	Jakarta	152,894,400	0.63%	4	Vanguard Group	Philadelphia	364,430,355	1.50%
5	Mandiri Investasi	Jakarta	141,946,100	0.59%	5	Matthews International Capital Mgt	San Francisco	335,268,600	1.38%
6	Eastspring Investments	Jakarta	122,482,500	0.51%	6	Edgbaston Investment Partners	London	277,265,600	1.14%
7	Manulife Asset Mgt Indonesia	Jakarta	116,035,600	0.48%	7	BlackRock Investment Mgt - Index	London	232,827,439	0.96%
					8	GIC	Singapore	145,089,950	0.60%
					9	Signature Global Asset Mgt	Toronto	125,327,300	0.52%
					10	Westwood International Advisors	Toronto	122,382,168	0.50%
					11	Highclere International Investors	London	121,688,600	0.50%
					12	Saudi Arabian Monetary Authority	Riyadh	120,384,400	0.50%
					13	Abu Dhabi Investment Authority (ADIA)	Abu Dhabi	109,467,548	0.45%

Percentage of the total number of shares issued and fully paid shares (24,241,508,196 shares). The Republic of Indonesia is the majority shareholder that owns 56.96% of shares and one series A Dwiwarna share which has special voting rights.

**THE 5% OR MORE SHARES OWNERSHIP AS PER 31 DECEMBER 2017**

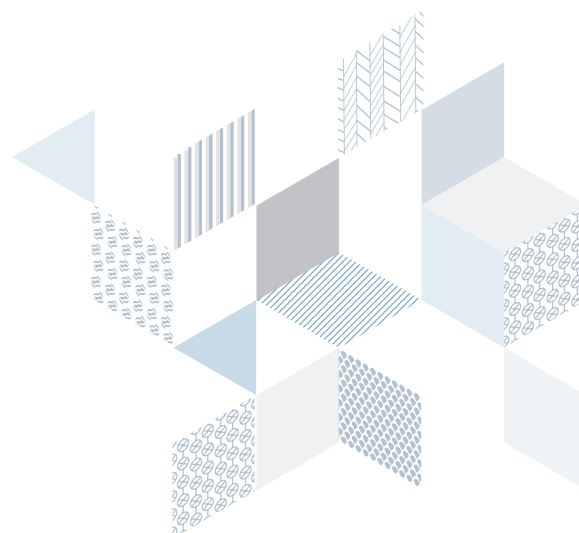
Name	Owner Status	Number of Shares	Percentage
The Republic of Indonesia	Indonesia	13,809,038,756	56.96%

There is no shareholder which has share ownership above 5% other than the Republic of Indonesia.

On December 31, 2017, the Republic of Indonesia has 13,809,038,756 shares of Ordinary Share and one share of Dwiwarna Share which has the special voting rights. The Dwiwarna Share can not be transferred, has special rights in terms of capital changes, appointment and termination of the members of the Board of Directors and the Board of Commissioners, Articles of Association, merger, consolidation, and acquisition, as well as dissolution and liquidation of the Company.

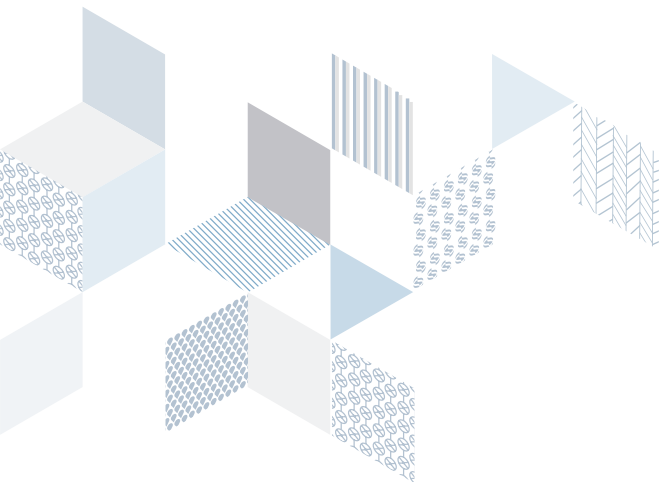
**SHARES OWNERSHIP BY THE MEMBERS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS AS PER 31 DECEMBER 2017**

Name	Position	Number of Share	%
Fajar Harry Sampurno	President Commissioner	4,000	0.000017%
Kiswodarmawan	Independent Commissioner	-	0%
Mohamad Ikhsan	Commissioner	-	0%
Hendrika Nora Oslo Sinaga	Commissioner	-	0%
Paiman Rahardjo	Independent Commissioner	-	0%
IGN Wiratmaja Puja	Commissioner	-	0%
Jobi Triananda Hasjim	President Director	-	0%
Nusantara Suyono	Director of Finance and Director of Strategy and Business Development	-	0%
Dilo Seno Widagdo	Director of Infrastructure and Technology	-	0%
Danny Praditya	Director of Commercial	-	0%
Desima Equalita Siahaan	Director of Human Resources and General Affairs	-	0%



## INFORMATION OF SUBSIDIARY AND AFFILIATED COMPANIES

INFORMATION ON SUBSIDIARIES AND AFFILIATED				
Company Name	Subsidiary Entity/ Affiliated	Share Ownership	Line of Business	Status
PT Saka Energi Indonesia (SEI)	Subsidiary Entity	<ul style="list-style-type: none"> <li>The Company – 99.997%</li> <li>PT PGAS Solution – 0.003%</li> </ul>	Upstream Business	Operational
PT Transportasi Gas Indonesia (TGI)	Join Venture	<ul style="list-style-type: none"> <li>The Company – 59.87%</li> <li>Transasia Pipeline Company Pvt. Ltd. – 40%</li> <li>Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara – 0.13%</li> </ul>	Gas Transportation	Operational
PT PGN LNG Indonesia (PGN LNG)	Subsidiary Entity	<ul style="list-style-type: none"> <li>The Company – 99.999%</li> <li>PT Gagas Energi Indonesia – 0.001%</li> </ul>	Liquefied Natural Gas Business	Operational
PT Gagas Energi Indonesia (GEI)	Subsidiary Entity	<ul style="list-style-type: none"> <li>The Company – 99.88%</li> <li>PT PGAS Solution – 0.12%</li> </ul>	Downstream Business	Operational
PT PGAS Solution (PGASSOL)	Subsidiary Entity	<ul style="list-style-type: none"> <li>The Company – 99.91%</li> <li>Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara – 0.09%</li> </ul>	Engineering	Operational
PT PGAS Telekomunikasi Nusantara (PGASCOM)	Subsidiary Entity	<ul style="list-style-type: none"> <li>The Company – 99.93%</li> <li>Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara – 0.07%</li> </ul>	Telecommunication	Operational
PT Permata Graha Nusantara (PERMATA)	Subsidiary Entity	<ul style="list-style-type: none"> <li>The Company – 99.989%</li> <li>PGAS Solution – 0.011%</li> </ul>	Property Management, Provision of Manpower Services & Facility Management, Profitization of Resources and Company's Assets	Operational
PT Nusantara Regas (NR)	Join Venture	<ul style="list-style-type: none"> <li>PT Pertamina (Persero) – 60%</li> <li>The Company – 40%</li> </ul>	Fasilitas Floating Storage and Regasification Terminal ("FSRT")	Operational
PT Kalimantan Jawa Gas (KJG)	Affiliation	<ul style="list-style-type: none"> <li>Permata – 80%</li> <li>PT Bakrie &amp; Brothers Tbk – 20%</li> </ul>	Gas Transportation	Operational
PT Permata Karya Jasa (PERKASA)	Affiliation	<ul style="list-style-type: none"> <li>Permata – 75%</li> <li>Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara – 25%</li> </ul>	Oil and Gas Sector Supporting Services	Operational



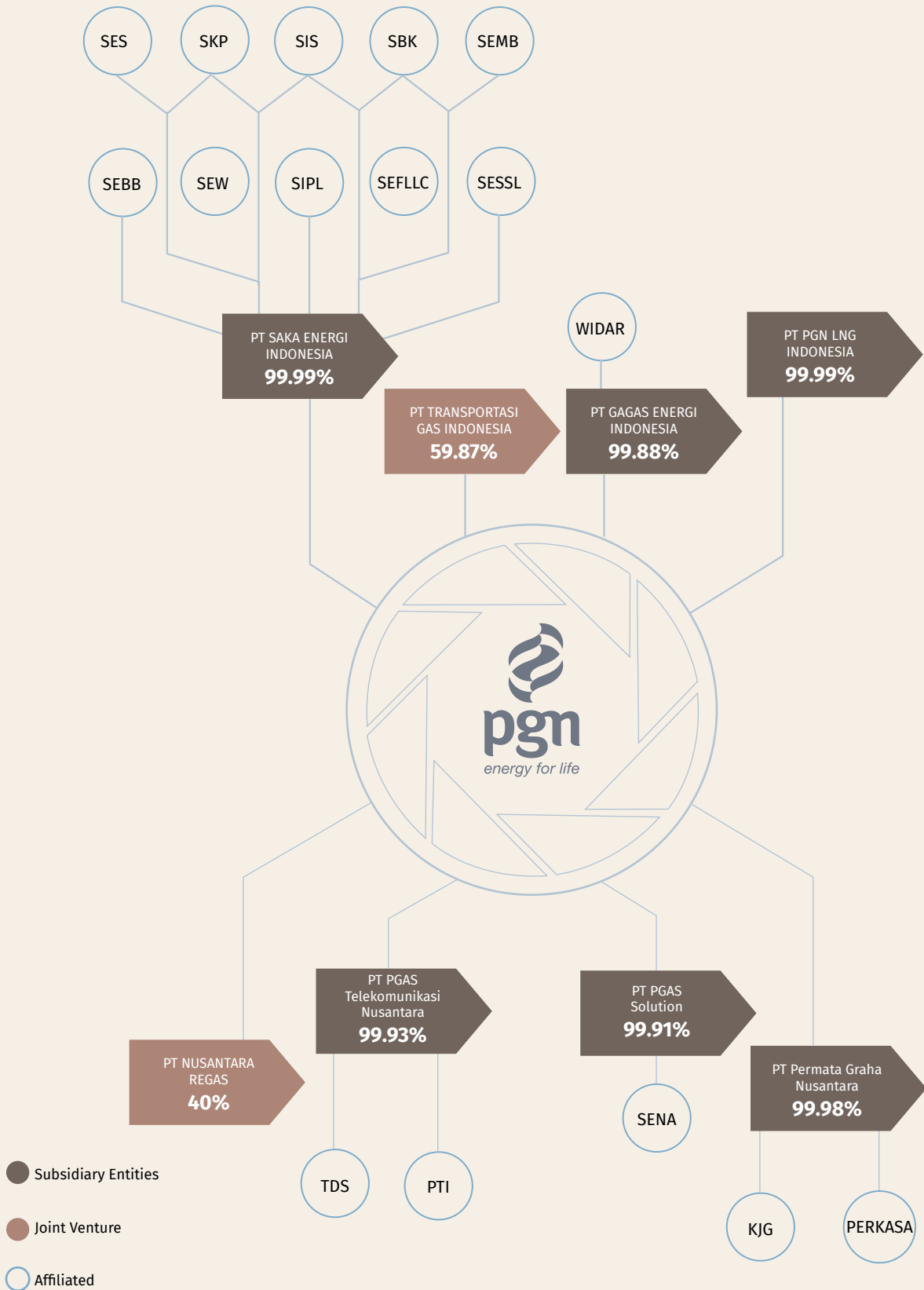
**INFORMATION ON SUBSIDIARIES AND AFFILIATED**

Company Name	Subsidiary Entity/ Affiliated	Share Ownership	Line of Business	Status
PT Solusi Energi Nusantara (SENA)	Affiliation	<ul style="list-style-type: none"> <li>PGAS Solution – 99.9%</li> <li>Permata 0.1%</li> </ul>	Engineering	Operational
PT Widar Mandripta Nusantara (WIDAR)	Affiliation	<ul style="list-style-type: none"> <li>GEI – 99.996%</li> <li>Permata Karya Jasa – 0.004%</li> </ul>	Power Plant and Trade	Operational
PT Gas Energi Jambi (GEJ)	Joint Venture	<ul style="list-style-type: none"> <li>The Company – 40%</li> <li>PT Wahana Catur Mas – 40%</li> <li>PT Jambi Indoguna Internasional – 10%</li> <li>PT Bukaka Corporindo – 10%</li> </ul>	Trade, Development, and Services	Not Operating
PT Banten Gas Synergi (BaGS)	Joint Venture	<ul style="list-style-type: none"> <li>PT Andiracitra Grahawira (68.43%)</li> <li>PT Banten Global Synergi (14.14%)</li> <li>PT Banten Global Development (8.57%)</li> <li>Izma Agyano Bursman (8.71%)</li> <li>Perseroan (0.14%)</li> </ul>	Services, Transportation, Trade, and Mining	Operational



CNG Cradle (Gaslink), created by the PGASSOL Subsidiary for the support of the natural gas business in the commercial sector, especially for customers who have not crossed the gas pipeline. In addition to commas, PGASSOL also performs maintenance and operation of CNG Cradle.

PGN GROUP STRUCTURE





# Gaslink

  
**pgn**

*energy for life*  
PT Perusahaan Gas Negara (Persero) Tbk  
[www.pgn.co.id](http://www.pgn.co.id)



DANGER  
HIGH PRESSURE  
FLAMMABLE



NO SMOKING  
DILARANG MEROKET



NO OPEN FLAME  
DILARANG MENYALAKAN

JAGA JARAK AMAN

CNG Cradle (Gaslink), created by the PGASSOL Subsidiary for the support of the natural gas business in the commercial sector, especially for customers who have not crossed the gas pipeline. In addition, PGASSOL also performs maintenance and operation of CNG Cradle.

**PT SAKA ENERGI INDONESIA**

Type	Subsidiary Entity
Establishment	June 27, 2011
Office	The Energy Building 11 <sup>th</sup> - 12 <sup>th</sup> Floor Jl. Jend.Sudirman Kav.52-53, SCBD, Jakarta 12190
Contacts	Phone. +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 2.6 billion
Number of Workers	302 people

PT Saka Energi Indonesia (SEI) is a wholly owned subsidiary of PT Perusahaan Gas Negara (Persero) Tbk (PGN). Direct shareholders of SEI are PGN and PT PGAS Solution (other PGN subsidiary) 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 methane (CBM) and other energy sources. SEI manages ten PSCs in Indonesia and one US shale gas block, three of which are fully operated by SEI with 100% share ownership. The three PSCs are Pangkah PSC, South Sesulu PSC and Wokam II PSC.

**MUARA BAKAU PSC**

Contract Type	PSC
Area (km <sup>2</sup> )	795
End of Contract	December 2032
Equity Ownership	ENI (55%, Operator), Engie (33.334%), PT Saka Energi Muara Bakau (11.666%)
Status	Production



One of the petroleum exploration infrastructure run by SEI located offshore.



Presentation of ownership of SEI on its assets :

WORK AREA INFORMATION			
Block Name	Ownership Percentage	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
South East Sumatra PSC	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	37.8%	Virginia Indonesia Co. LLC	Production

### Business Updates

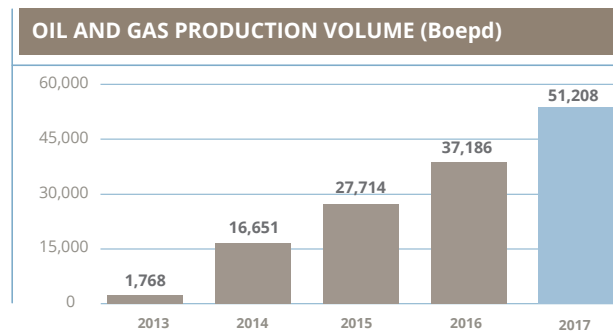
List of SEI Subsidiaries that hold Participating Interest:

LIST OF SEI SUBSIDIARY ENTITIES	
Block Name	Subsidiary Entity SEI Holders of PI
Ketapang PSC	PT Saka Indonesia Sesulu (SIS)
South Sesulu PSC	PT Saka Indonesia Sesulu
Bangkanai PSC	PT Saka Bangkanai Klemantan (SBK)
West Bangkanai PSC	PT Saka Energi Bangkanai Barat (SEBB)
Pangkah PSC	Saka Indonesia Pangkah Ltd (SIPL)
Muriah PSC	Saka Energi Muriah Ltd (SEML)
Fasken	Saka Energi Fasken LLC (SEFLLC)
South East Sumatra PSC	PT Saka Energi Sumatera (SES)
Muara Bakau PSC	Pata Saka Energi Muara Bakau (SEMB)
Wokam II PSC	PT Saka Energi Wokam (SEN)
Sanga Sanga	Saka Energi Sanga Sanga Ltd (SESSL)

### Muara Bakau Commercialization

Located in East Kalimantan, Muara Bakau PSC is built offshore as far as 80 kilometers to east of Balikpapan. The inaugural production of the Jangkrik and Northeast Jangkrik fields begin at the end of June 2017 from 10 production wells in those two fields. Throughout 2017, Muara Bakau PSC results in total

production of 17.6 MMBOE of gas and 0.4 MMSTB of condensate. SAKA net production is as big as 2.1 MMBOE of gas and 0.04 MMSTB of condensate. On December 31, 2017, the composition of the Board of Commissioners and the Board of Directors of SEI are as follows.



As of December 31, 2017, composition of SEI Board of Commissioners and Board of Directors is as follows :

COMMISSIONER	
Name	Position
Susilo Siswoutomo	President Commissioner
Nusantara Suyono	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, 2011
Office	PGN Complex Building B, Floor 9 - 10 Jl. KH 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
Total Assets	USD 83.5 million
Number of Workers	76 people



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

PT Gagas 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 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 99.99% and PT Permata Karya Jasa is of 0.004%.

**Business Development**

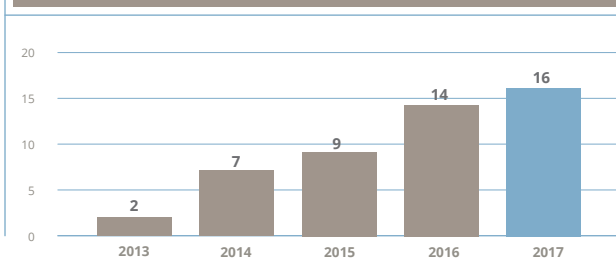
In order to support the Government program and expand the distribution and utilization of gas for the transportation sector, until 2017 GEI owns and manages 12 SPBGs and 4 MRU locations spread across DKI Jakarta, West Java, Banten, Lampung, East Java and Riau Islands. In 2017, GEI built 2 SPBGs in Serang and Cilegon and received an assignment from the Government for distribution and installation of converter kits from APBN funds of 2,000 units.



**TOTAL VOLUME 2017 :**  
**14,242,784 MMbtu**

**ELECTRICITY BUSINESS 2017 :**  
**7,237,083 KWH**

**NUMBER OF SPGB & MRU**



On December 31, 2017, the composition of GEI's Board of Commissioners and Board of Directors is as follows:

COMMISSIONER	
Name	Position
Danny Praditya	President Commissioner
Makhdum Priyatno	Commissioner
Ghufron	Commissioner

DIRECTORS	
Name	Position
Ahmad Cahyadi	President Director
Ariadi	Director of Finance
Dian Kuncoro	Director of Commercial



Public transport is one of the largest energy users in a city or county. In the Bogor district/district there have been many public transport vehicles that convert fuel from Fuel to Gas Fuel. In the city/district of Bogor has been available 2 SPBG serving the transportation sector.

## PT TRANSPORTASI GAS INDONESIA



Type	Joint Venture
Establishment	February 1, 2002
Head Office	Jl. Kebon Sirih Raya No. 1 Jakarta 10340
Contacts	Pohn. +62 21 315 8939 Fax. +62 21 310 3757 Email: public.relations@tgi.co.id Web: www.tgi.co.id
Industry	Transporting natural gas
Number of Subsidiaries	-
Total Assets	USD 550 million
Number of Workers	285 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 Employees' Welfare Foundation of Perusahaan 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. All pipelines and stations are monitored 24 hours, 7 days a week by special facilities.

### Business Development

Throughout 2017, TGI has transported gas to its customers of 649 MMscfd. In order to ensure safe delivery of gas and not to lose safe working hours or fatality, TGI consistently applies the principles of SMK3. In addition, during 2017 the level of reliability of the infrastructure network including network system, piping system, metering system, compressor and system Scada is at 99.96% level. In addition to improving pipeline utilization, especially along the Grissik-Duri line, several cooperation agreements and meetings with potential customers along the pipeline have been conducted.



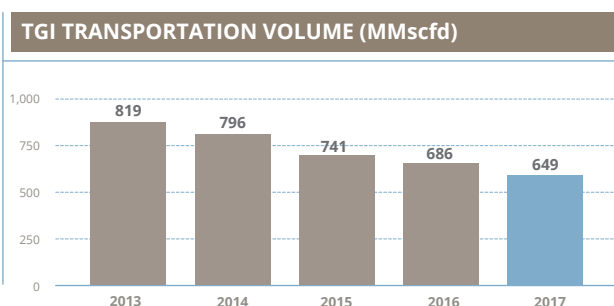
Gas transmission pipeline run by the TGI Subsidiary is located in a sterile location of residential and other objects. TGI manages and operates the pipeline with high security standards so that gas distribution from Sumatra Island to Java and Riau Islands can be done safely and stable.

As of December 31, 2017, the composition of the Board of Commissioners and Board of Directors of TGI is as follows:

COMMISSIONER	
Name	Position
Jobi Triananda Hasjim	President Commissioner
Abdul Razak Saim	Vice President Commissioner
Heri Yusup	Commissioner
Andrew Thompson	Commissioner
Tumbur H.P Nainggolan	Commissioner

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

Total TGI gas transportation volume:



**PT PGN LNG INDONESIA**

Type	Subsidiary Entity
Establishment	June 26, 2012
Head Office	PGN Complex Graha PGAS, Level 2 Jl. KH Zainul Arifin No. 20 Jakarta 11140
Contacts	Phone. +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 414 million
Number of Workers	48 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). 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.

**Business Development**

Throughout the year 2017, PGN LNG has distributed regasification gas as much as 1 cargo. FSRU operations and offshore pipeline maintenance, 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 2017 include Passing stage 1 of Administration and Technical of PLN Central Indonesia Project "LNG Supply For Distributed Gas Power Plan in

Central Region of Indonesia", appointed as Executor of PT Antam Commissioning facility in Pomala, joining Tender of FSRU Gorontalo held by PLN. To maintain the quality and improve the service, PGN LNG has obtained several Management System Certification, one of the Management System obtained is the Occupational Health and Safety Management System (K3) which applies internationally, i.e. OHSAS 18001 and ISO 14001 for Environmental Management system. In addition, PGN LNG also gets the Certificate of Occupational Health and Safety Management System (SMK3) issued by the Government.



1. FSRU Lampung is located in the waters of Lampung province about 27 km from the coast. The FSRU supports the reliable supply of gas for the provinces of Lampung and western Java.



2. FSRU Lampung is unloading from LNG carrier vessel. In addition to having the ability to regasification, FSRU Lampung also has LNG gas storage.

On December 31, 2017, the composition of the Board of Commissioners and Board of Directors of PGN LNG is as follows:

COMMISSIONER	
Name	Position
Danny Praditya	President Commissioner
Hendrik Dikson Sirait	Commissioner

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



**PT PGAS TELEKOMUNIKASI NUSANTARA**

Type	Subsidiary Entity
Establishment	January 10, 2007
Head Office	PGN Complex Building B, 4 <sup>th</sup> Floor Jl. KH Zainul Arifin No. 20 Jakarta 11140
Contacts	Phone: +62 21 633 1345 Fax: +62 21 633 1381 Web: www.pgasc.com.co.id E-mail: sales@pgasc.com.co.id dan cs@pgasc.com.co.id
Industry	Information & Communication Technology
Number of Subsidiaries	2 (PT Telemedia Dinamika Sarana dan PT PGAS Telecommunication International)
Total Assets	IDR 510 billion
Number of Workers	106 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 ICT Solution which includes Data Communication & Internet Solutions, Business Solutions and Managed 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 dan Pensiunan Gas Negara (PGN Employee and Retired Welfare Foundation), has subsidiaries namely PT Telemedia Dinamika Sarana ("TDS") and PGAS Telecommunication International Pte Ltd ("PTI") which are based in Singapore.

PGASCOM is licensed 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 ("IDA") Singapore. PGASCOM currently operates in 13 cities in various regions of Sumatra and Java.

**Business Development**

Throughout the year of 2017, PGASCOM successfully booked sales capacity of 2,424,905 Mbps and delivered telecommunication services reliability of 99.87%. PGASCOM continues to provide the best services to its customers and increase market confidence in PGASCOM services. The PGASCOM backbone network utilizes Dense Wavelength Division Multiplexing ("DWDM") technology with available capacity of 180 Gbps, while for Service Metro Ethernet PGASCOM uses devices that meet the international MEF CE 2.0 (Metro Ethernet Forum) standards. All operational activities are supported by HR experienced in their field and work equipment according to maintenance standards. In addition, to enhance network reliability, PGASCOM also possesses a back up network through cooperation with several operators with swap capacity patterns. Thus PGASCOM can improve the reliability of service to customers by keeping SLA at least 99.50% to customers in accordance with the commitment to the Ministry of Communications and Informatics.



As at December 31, 2017, the composition of the Board of Commissioners and Board of Directors of PGASCOM is as follows:

COMMISSIONER	
Name	Position
Muhammad Wahid Sutopo	President Commissioner
Roedy Poerwanto	Commissioner
Anak Agung Gde Ngurah Ari Dwipayana	Commissioner
Emron Pangkapi	Commissioner

DIRECTORS	
Name	Position
Sri Budi Mayaningsih	President Director & Director of Commercial
Larassetyo Wibowo	Director of Engineering & Operations
Noor Diana Prasetyawati	Director of Finance & Administration



1. PGASCOM provides information technology solution, data center, service desk for PGN group.
2. Synergies with GEI, PGASCOM provides a gas fuel purchase system for non-cash transport schemes.



3. In addition to managing PGN Contact Center 1500645, PGASCOM also serves the needs of customers for high speed internet stable and reliable thanks to the support of infrastructure that is integrated with gas pipelines Indonesia - Singapore.

**PT PGAS SOLUTION**

Type	Subsidiary Entity
Establishment	August 6, 2009
Head Office	PGN Complex Building C, 4 <sup>th</sup> Floor Jl. KH Zainul Arifin No. 20 Jakarta 11140
Contacts	Phone. +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	IDR 1.5 trillion
Number of Workers	325 people

PT PGAS Solution (PGASSOL) is a Subsidiary of PGN established on August 6, 2009 with 4 main focus areas: Operation & Maintenance, Engineering, EPC, Trading. Shareholders of PGASSOL are PGN and Yayasan Kesejahteraan Pegawai dan 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, PGASSOL established a subsidiary in the field of engineering namely PT Solusi Energi Nusantara (SENA).

SENA was established on April 20, 2015 and has the main business of providing engineering services in the oil and gas industry covering pipeline, mechanical, electrical, geodetic, civil, process and telemetry fields. SENA's Shareholders are PGASSOL and PERMATA with 99.9% and 0.1% of ownership respectively.

**Business Development**

PGASSOL plays an important role in PGN’s business. Operation & Maintenance Activities of PGN’s pipeline and infrastructure throughout Indonesia are entrusted to PGASSOL. Network reliability becomes a non-negotiable price to ensure natural gas delivered to end customers safely. With the support of experienced workforce and cutting edge technology PGASSOL is able to carry out PGN infrastructure operation and maintenance activities, and throughout 2017 PGASSOL’s success to deliver Pipeline reliability level reaches 99.86%. With its potential, PGASSOL has a

commercial division to drive business penetration beyond the PGN Group. In 2017 there are several projects outside the PGN group that were obtained, among others, City Gas Network Development, Business Development of EPC Telecommunication Infrastructure, Business Development of EPC Toll Road Infrastructure, EPC Water Infrastructure Development, and also Operation and Maintenance Work in some Upstream and Electric Companies. In addition, PGASSOL also has a Training Center that serves as a place of competency test of labor in the field of Natural Gas.

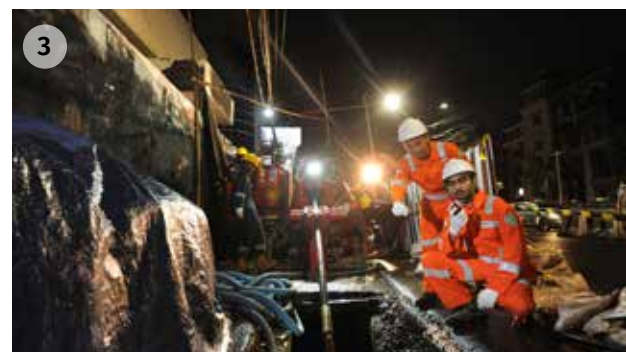
On December 31, 2017, the composition of the Board of Commissioners and Board of Directors of PGASSOL is as follows:

COMMISSIONER	
Name	Position
Dilo Seno Widagdo	President Commissioner
Edi Purnomo	Commissioner
Fahmi Harsandono	Commissioner
Susyanto	Commissioner

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



1. PGASSOL carries out maintenance and inspection of PGN’s gas pipelines with high security standards throughout Indonesia.  
2. PGASSOL becomes an agent and distributor for a variety of quality gas equipment.



3. The form of PGN group synergy is by involving PGASSOL in the development of natural gas infrastructure built by PGN.

**PT PERMATA GRAHA NUSANTARA**

Type	Subsidiary Entity
Establishment	April 24, 2014
Head Office	PGN Complex Building B, 8 <sup>th</sup> Floor Jl. KH Zainul Arifin No. 20 Jakarta 11140
Contacts	Phone. +62 21 633 1180 Fax. +62 21 634 0031 Web: www.pgnmas.co.id
Industry	Facility Management Services, including provision of manpower, Asset Management, Entrepreneurial Real Estate, Archives Management, Real estate/developer, as well as other business sectors
Number of Subsidiaries	2 (PT Kalimantan Jawa Gas (KJG) dan PT Permata Karya Jasa (PERKASA))
Total Assets	IDR 678 billion
Number of Workers	80 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% respectively. To support the employment services activities, PERMATA established PT Permata Karya Jasa ("PERKASA"). PERKASA's share ownership is PERMATA of 75% and Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara by 25%.

**Business Development**

In 2017, PERMATA inaugurated the PGN Juanda Building, Libraries and Housing Development of Beranda MAS. Beranda MAS is a superior product with smart home concept and integrated with gas pipeline facility. Beside that, Beranda Mas also equipped with fiber optic facilities, solar panels and under ground utilities. This housing is located at Jalan Narogong, Bekasi and designed by renowned Indonesian architect Andra Matin.

To guarantee the standard of service provided in accordance with internationally recognized and national standards, PERMATA has been certified ISO 9001:2015, ISO 14001; 2015 and SMK3.



1. BerandaMAS is a residential complex developed by PERMATA Bekasi area facilitated gas and fiber optic network that can provide high-speed internet.
2. Designed by renowned Indonesian architect Andra Matin, BerandaMAS has an eco-friendly and energy efficient concept of dwelling.

3. Interior of a house that blends with the backyard to provide air circulation and light enough to make the dwelling become healthy

At the end of 2017, the composition of the Board of Commissioners and the Board of Directors of PERMATA is as follows:

COMMISSIONER	
Name	Position
Desima E. Siahaan	President Commissioner
Suprijanti	Commissioner
Baskara A. Wibawa	Commissioner
Khabib Sholeh	Commissioner

DIRECTORS	
Name	Position
Adrian Prihutomo	President Director
Ivanna Laksmi Devi	Director
Dedi Suryadinata	Director

**PT NUSANTARA REGAS****NUSANTARA REGAS**

a joint venture company between PERTAMINA &amp; PGN

Type	Joint Ventures
Establishment	April 14, 2010
Head Office	Wisma Nusantara, Floor 19 Jl. MH Thamrin No. 59 Jakarta 10350 Telp. +62 21 315 9543 Fax. +62 21 315 9525
Contacts	Phone. +62 21 3159543 Fax. +62 21 3159525 Web: www.nusantararegas.com
Industry	Floating Storage and Regasification Terminal ("FSRT") facility
Number of Subsidiaries	-
Total Assets	USD 277 million
Number of Workers	73 people

PT Nusantara Regas (NR), a joint venture between PT Pertamina (Persero) and PGN which was established on April 14, 2010 has a scope of business activities 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 is 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's 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**

By 2017, Nusantara Regas has been successfully delivered 211 MMscfd of LNG to customers. In carrying out activities of its business, Nusantara Regas continues to commit to put forward the aspects of safety by adopting Zero Accident principle. On this commitment, NR has been rewarded Patra Nirbhaya Karya Pratama from the Ministry of Energy and Mineral Resources for the achievement of 5 million safe working hours (safety hour) in 2017. In the same year, NR implemented ground breaking activities of Muara Karang Peaker gas meter project as an attempt to deliver its best service to its customers by continuously improving reliability project performance and modification projects in order to meet national gas needs.



1. West Java FSRU is located in Jakarta bay to distribute gas to Jakarta and surrounding areas.

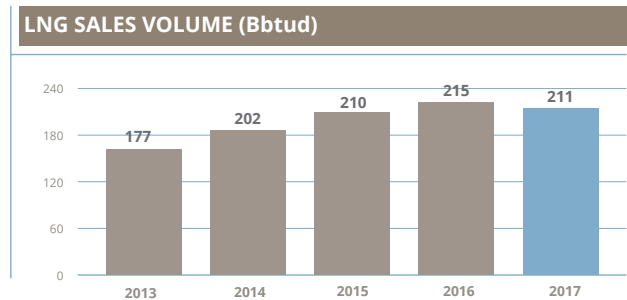


2. FSRU West Java is doing LNG unloading.

The composition of the Board of Commissioners and Board of Directors of NR as of December 31, 2017 is as follows:

COMMISSIONER	
Name	Position
Yenni Andayani	President Commissioner
Tanudji Darmasakti	Commissioner
Mugiono	Commissioner
Ferry Andrianto	Commissioner

DIRECTORS	
Name	Position
Tammy Meidharma	President Director
Bara Frontasia	Director of Operations and Commercial
Rigo Supratman	Director of Finance & General Affairs



**PT KALIMANTAN JAWA GAS****KJG****PT Kalimantan Jawa Gas**

Type	Affiliation
Establishment	July 23, 2013
Head Office	PGN Complex Building B, 2 <sup>nd</sup> Floor Jl. KH Zainul Arifin No. 20 Jakarta 11140
Contacts	Phone. +62 21 6385 4534 Fax. +62 21 633 1632 Web: www.kalijagas.co.id
Industry	Gas Transportation
Number of Subsidiaries	-
Total Assets	USD 272 million
Number of Workers	19 people

PT Kalimantan Jawa Gas (“KJG”) is a limited liability company incorporated on July 23, 2013. KJG is engaged in natural gas transportation with KJG share ownership composition of PT Permata Graha Nusantara with 80% and PT Bakrie & Brothers, Tbk of 20%. In 2015, KJG has carried out natural gas transportation through Kalija I gas transmission pipeline along ± 201 km pipeline stretching from Kepodang Field belonging to Petronas Carigali Muriah Limited (“PCML”) to PT Indonesia Power (PT Perusahaan Listrik Negara (Persero) at Tambak Lorok. The gas transportation has been started since August 22, 2015.

**Business Development**

KJG continues to provide excellence service to its customers. As a gas transportation company, infrastructure reliability is the key to delivering gas to customers smoothly and safely. In 2017, KJG successfully obtained the certification of Occupational

Health and Safety Management System (*SMK3*) from the Ministry of Manpower and the Certificate of OHSAS 18001: 2007 as KJG’s effort in fulfilling the regulation and implementation standards of K3 and Patra Nirbhaya Karya Utama award from the Ministry of ESDM through the Directorate General of Oil and Natural Gas (Oil and Gas) for the effort and achievement of KJG in the management of oil and gas work safety Sinergy culture (Safety, Integrity, Professionalism, Excellent Service, Reliable, Growth, and Accountability) become the foundation of KJG in running its business. In 2017 KJG has delivered gas as much as 76 MMscfd, wholly distributed to meet the energy needs of PLN Tambak Lorok which is then used for national electricity needs.



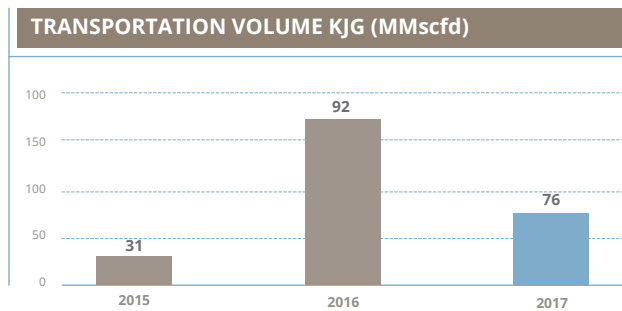


KJG facilitates the distribution of gas from the Java Sea for energy purposes in the city of Semarang, ranging from the need for power plants to the fulfillment of energy for household customers.

As of December 31, 2017, the composition of the Board of Commissioners and Board of Directors of KJG is as follows:

COMMISSIONER	
Name	Position
Dilo Seno Widagdo	President Commissioner
Ade Erlangga	Vice President Commissioner
Surat Indrijarso	Commissioner
Monty Giriana	Commissioner
Hendi Kusnadi	Commissioner

DIRECTORS	
Name	Position
Ismet S. A. Pane	President Director
Bambang Banyudoyo	Vice President Director
Dadang Gandara	Director of Finance
Agus Iskandar	Director of Engineering and Operations



**PT WIDAR MANDRIPA NUSANTARA**

Type	Affiliation
Establishment	July 29, 2015
Head Office	PGN Complex Building A, 4 <sup>th</sup> Floor Jl. KH Zainul Arifin No. 20 Jakarta 11140
Contacts	Phone: +62 21 2984 5050 Email: contact.information@wmnusantara.co.id Web: www.wmnusantara.co.id
Industry	Power and Commerce
Number of Subsidiaries	-
Total Assets	46 Billion
Number of Workers	12 people

PT Widar Mandripa Nusantara (“WIDAR”) is a limited liability company established on July 29, 2015. WIDAR operates in services related to power generation and trading. WIDAR handles planning, development, testing and operation as well as maintenance of the plant and its infrastructure, from gas supply pipelines and any equipment needed to support power generation until energy is supplied to customers.

**Business Development**

In the early stages, WIDAR provides Diesel Engine Generator (DEG) for commissioning and SPBG operations of PT Gagah Energi Indonesia (GEI). Total DEG capacity leased in the period 2016-2017 is approximately 4 MW. In 2016, WIDAR began entering the gas-based power generation business by operating Gas Engine Generator (GEG) at SPBG owned by GEI in Batam and Lampung, and following GEG at SPGG Klender in 2017. The total capacity of GEG is approximately 1,700 kW. As for maintenance activities covering the western part of Java.

Several projects have also been successfully completed by the end of 2017. Among these are the Gas Engine Power Plant project in zone II of Tanjung Balai Karimun, where WIDAR is working with the area manager, PT Karimun Power Plant. In East Java, WIDAR cooperates with PT Lamong Energi Indonesia in a power supply business at Teluk Lamong terminal. This became a turning point for WIDAR to start providing electricity outside the PGN Group, which is the fulfillment of shareholders’ expectations of contributing to PGN’s core business in natural gas distribution as well as revenue generators.

In 2017, WIDAR successfully achieved ISO 9001:2015 Quality Management System certificate. With this success, WIDAR becomes an international standard company in quality management systems, and assures customers that the company has analyzed customer requirements, establishes processes that contribute to the achievement of products/services customers receive and keep these processes under control.

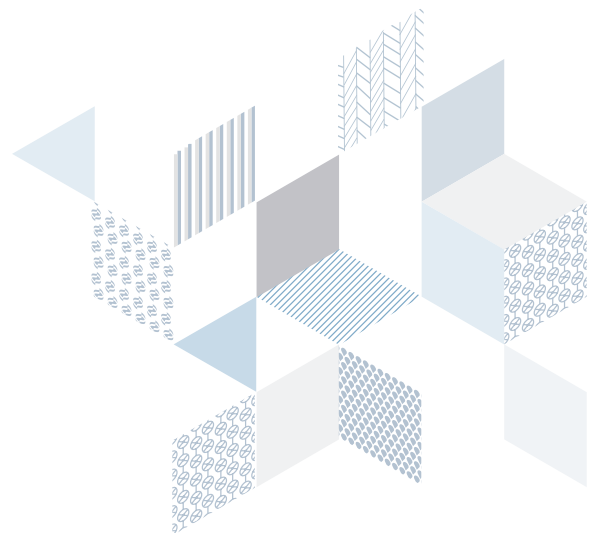


WIDAR provides electricity to support GEI-managed SPBG businesses. The energy source of the power plant used by, is sourced from the PGN gas network. GEI gets the efficiency of GEI electricity expenditure by utilizing PGN group synergies.

As at December 31, 2017, the composition of the Board of Commissioners and Board of Directors of WIDAR is as follows:

COMMISSIONER	
Name	Position
Wahyudi Anas	Commissioner

DIRECTORS	
Name	Position
Rizal Wibisono	President Director
Hedi Hedianto	Director



**PT PERMATA KARYA JASA**

Type	Affiliation
Establishment	April 29, 2015
Head Office	PGN Complex Building C, Level 3 Jl. KH Zainul Arifin No. 20 Jakarta 11140
Contacts	Phone. +62 21 6385 4557 Fax. +62 21 6386 8805 Web: www.pgn-perkasa.co.id Email : cs@pgn-perkasa.co.id
Industry	Supporting Services of Oil and Gas Sector
Number of Subsidiaries	-
Total Assets	IDR 58 Billion
Number of Workers	31 people

PT Permata Karya Jasa (“PERKASA”) is a limited liability company incorporated on April 29, 2015. PERKASA conducts business activities covering the provision of equipment and workforce for oil and gas sector. PERKASA plays a role in supporting PGN’s business

activities through the provision of services to support the oil and gas sector, and has a commitment to provide the best service to its customers through the business of human resources solution and chiller specialist.

As of December 31, 2017, the composition of the Board of Commissioners and the Board of Directors of PERKASA is as follows:

<b>COMMISSIONER</b>	
Name	Position
Amanarita	Commissioner

<b>DIRECTORS</b>	
Name	Position
Helmy Setyawan	President Director
Dominica Diniafiat	Vice President Director

## PT SOLUSI ENERGI NUSANTARA

	
Type	Affiliation
Establishment	April 20, 2015
Head Office	PGN Complex Building C, Level 3 Jl. KH Zainul Arifin No. 20 Jakarta 11140
Contacts	Phone. +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	IDR 46 Billion
Number of Workers	21 people

PT Solusi Energi Nusantara (“SENA”) is a limited liability company incorporated on April 20, 2015. SENA provides engineering services in the oil and gas industry covering pipeline, mechanical, electrical, geodetic, civil, process and telemetry fields. Services provided by SENA include survey, technical research, Front End Engineering Design (FEED) and Detail Engineering Design (DED), Project Management consultancy, Inspection and technical testing, commissioning and other post operational works.

### Business Development

As a company providing engineering services in the oil and gas industry, SENA is committed to improving its service quality. In 2017, SENA succeeded in obtaining 2 (two) certifications from UKAS international certification institution OHSAS 18001: 2007 in health and safety management system and ISO 9001: 2015 in quality (product and service product quality). With these certifications, SENA is trusted as a partner in the natural gas industry, as evidenced by the cooperation established during 2017, among others cooperation with the PJB for the work of Due Diligence, MoU with

PT Technip Indonesia, PT Logitech Saptanugraha, Rina Consulting SpA, PT Enviromate Technology International to expand business opportunities on both sides.

As of December 31, 2017, the composition of the Board of Commissioners and Board of Directors of SENA is as follows:

COMMISSIONER	
Name	Position
Adi Munandir	Commissioner

DIRECTORS	
Name	Position
Jefry Hotman Simanjuntak	President Director
Yaqub	Director of Operations and Commercial

## STOCK LISTING CHRONOLOGY

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 shares, which consisted of 475,309,000 shares from shares divestment of the Government of the Republic of Indonesia, the Company's shareholders, and 820,987,000 new shares, with total shares, amounted to 4,320,987,000 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 the Company's shares was increased from 218,898,805 shares to 4,539,885,805 shares as a result of Government's loan conversion to Company and the Management Stock Option Plan (MSOP). On January 15 until February 14, 2008, from exercise window of the Employee Stock Option Plan (ESOP) it was recorded 54,012,338 stock option rights were distributed. From such amount, it was recorded 53,551,388 stock options were executed and generated new Series B shares amounting to 53,551,388 shares. Hence, the total number of the Company's shares increased to 4,593,437,193 shares. Other than that, after the expiry of ESOP, in 2008 a stock split was also undertaken which change 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, so that the number of shares which originally was 4,593,437,193 shares increased to 22,967,185,965 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 shares on October 24, 2008. With such share buyback, at the end of 2008 the Company has 1,850,000 shares as Treasury Shares and the total number of outstanding shares of 22,967,185,965 shares. As of the end of 2009, the Company's total shares increased by 1,274,322,231 shares, as a result of the Government's debt to the Company in April and October 2009, bringing the total number of the Company's shares to 24,241,508,196 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 shares with ownership of the Government of the Republic of Indonesia amounting to 13,809,038,756 shares (56.96%), public of 10,432,469,440 shares (43.04%) consisting of 10,430,619,440 free float shares and 1,850,000 treasury stocks. The treasury stocks of 1,850,000 Series B shares were resold entirely in March 2016.

## THE HISTORY OF THE NUMBER OF PGN'S SHARES

No.	Description	The Republic of Indonesia (shares)	Public (shares)	Treasury (shares)	Total (shares)	Percentage of Ownership of the Republic of Indonesia
1	Prior IPO	3,500,000,000			3,500,000,000	100%
2	IPO (December 15, 2003), listed on BEJ* and BES*					
	Divestment	(864,198,000)	864,198,000			
	Issuance of new shares without HMETD		820,987,000			
		2,635,802,000	1,685,185,000		4,320,987,000	61.00%
3	Conversion of DPP 1 (2004)	56,943,305				
	MSOP 1 (2005-2006)		108,024,675			
	MSOP 2 (2006-2007)		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			
		2,506,943,305	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		
		12,534,716,525	10,430,619,440	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	Number of shares (Dec 31, 2017)	13,809,038,756	10,432,469,440		24,241,508,196	56.96%

## THE CHRONOLOGY OF OTHER SECURITIES LISTING AND SECURITIES RATING

### 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 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, 10 years tenor, a coupon rate of 5.125% per annum with offering price 99.037% of the nominal value (Senior Notes due 2024). The interest of Senior Notes due 2024 was 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.

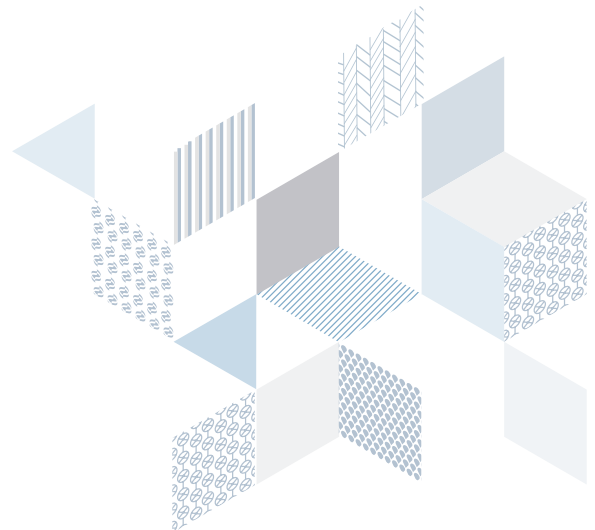
The Company is required to provide buyback entire outstanding Senior Notes due 2024 at a price of 101% from principal aggregate value in case of events that can be categorized as the Change of Control Triggering Event. Currently, no changes occurred in the number of outstanding Senior Notes due 2024 since from the beginning of listing until the end of 2017.

### PGN Credit Rating

In 2017, an increase on PGN’s credit ratings outlook occurred. This provides a positive perception on the company’s ability to meet its long-term liabilities.

#### 2016-2017 CREDIT RATING COMPARATION

Rating Agencies	2017		2016	
	Rating	Outlook	Rating	Outlook
Moodys	Baa3	Positive	Baa3	Stable
Fitch Ratings	BBB-	Positive	BBB-	Positive
S&P	BBB-	Stable	BB+	Positive
Pefindo	idAAA	Stable	idAAA	Stable





**2. SEI BOND**

On April 26, 2017, the Company issued USD625,000,000 of Senior Unsecured Fixed Rate Notes, which will mature on May 5, 2024, at the issue price of 100.47%. The trustee of this bond is Citicorp International Limited. The bonds bear interest at 4.45% per annum which is payable semi-annually on May 5 and November 5, commencing on November 5, 2017. These bonds are listed on the Singapore Stock Exchange. Net proceeds amounted to USD622,937,500, received on May 5, 2017 and used for syndicated loan refinancing, financing of investment activities, acquisition activities, additional working capital and other general purposes.

**SEI Credit Rating**

Based on Moody’s Investors Services, Standard & Poor (S & P) and Fitch Rating, the ratings of these bonds are Ba1, BB + and BB + respectively. The company is not required to make a sinking fund for the debt repayment.

SEI CREDIT RATING		
Rating Agencies	2017	
	Rating	Outlook
Moodys	Ba1	Stable
Fitch Ratings	BB+	Positive
S&P	BB+	Stable



Oil & Gas Exploitation Facilities administered by the SEI in offshore.

## 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 5<sup>th</sup> floor  
Jl. Jend. Sudirman kav. 52-53, Jakarta 12190  
Indonesia  
T. (62-21) 515 2855  
F. (62-21) 5299 1199

### **Public Accountant Office Tanudiredja, Wibisana, Rintis & Partners**

#### **PT Prima Wahana Caraka**

PT PricewaterhouseCoopers Indonesia Advisory  
PT PricewaterhouseCoopers Consulting Indonesia

#### **Plaza 89**

Jl. H.R. Rasuna Said Kav. X-7 No. 6  
Jakarta 12940 - INDONESIA  
P.O. Box 2473 JKP 10001  
T: +62 21 5212901  
F: +62 21 52905555 / 52905050  
[www.pwc.com/id](http://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 17<sup>th</sup>  
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**

50Raffles 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 Agency 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 2017 of Rp44,000,000, - (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 dated May 4, 2017, on which one of its agendas approved the Public Accounting Firm Tanudiredja, Wibisana, Rewishouse & Partners (PricewaterhouseCoopers Indonesia), which is a registered with Bapepam to perform the services of the General Audit of the Consolidated Financial Statements of PGN for Fiscal Year 2017, General Audit of the Company's Financial Statements of Partnership and Community Development Program of the Fiscal Year 2017, Audit of compliance with the rules of internal law and control in 2017, and Evaluation of the Company's performance in book year 2017 which ends on December 31, 2017 and Key Performance Indicator (KPI) as stipulated by the Board of Commissioners. Total cost incurred for the implementation of services in 2017 amounted to Rp4,773,000,000 (including OPE and VAT).

KAP Tanudiredja, Wibisana, Rewishouse & Coupers (Pricewaterhouse Coopers Indonesia) became the Company's auditor since the fiscal year 2017. 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 Year 2017 is Yusron, S.E., Ak., CPA.

## INDONESIAN 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 2017 amounted to Rp247,500,000, - (including VAT).

## INDONESIA CENTRAL EFFECT CUSTODIAN DEPOSITORY

Companies whose securities are registered in KSEI use the services of KSEI 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 2017 of Rp11,000,000, - (including VAT).

## AWARDS AND CERTIFICATIONS



### 1<sup>st</sup> World Wide Rank on LACP 2016 Vision Awards

PGN ranked first in the 2016 Vision Award category in the Annual Report Competition organized by the League of American Communication Professional (LACP). PGN ranked first in terms of annual reports beating major companies. In the previous year of 2015, the first rank was occupied by Daimler company followed by General Motors in which PGN itself only sit in position 14.



### Best Annual Report Print - Gold Stevie Award in Barcelona

The commitment and consistency of PT Perusahaan Gas Negara (Persero) Tbk (PGN) to always implement the principles of Good Corporate Governance (GCG) in every aspect of the company's business is paying off. PGN won the international award of the Gold Stevie Award for the 2016 version of its annual report.



### 2<sup>nd</sup> Winner - in the Non-Finance State Owned Enterprises Listed Category - Annual Report Award (ARA) 2017

The Annual Report Award is again awarded to PGN in 2017, this is the case shows that the company's activities are run on the basis of good governance with accountable and transparent report.



### BUMN Performance Excellence Award 2017

PGN was awarded for the Emerging Industry Leader category submitted at the peak performance of BUMN Performance Assessment Award based on Excellence Performance Assessment Criteria (*KPKU*). PGN itself has implemented *KPKU* guidelines since 2012 and continues to build quality performance is a must for a company in the achievement of financial and non-financial performance.

**AWARDS RELATED TO GOOD GOVERNANCE:**



**Best Organisational Governance-CECT Sustainability Award**

This award was awarded for a good Corporate CSR Performance based on ISO 26000, in which PGN was awarded for Best Organizational Governance Program category. This is in line with PGN's commitment to continue channeling energy for the environment, economy and society.



**Good Corporate Governance Award (IGCG) III, 2017**

This good governance award is proof that the sustainability of the company as a state-owned oil and gas company is maintained.



**Top 50 Emiten Bigcap - The 9th IICD Corporate Governance Award 2017**

This award is given by the Indonesian Institute for Corporate Directorship (IICD) in the event of the 9th IICD Corporate Governance Award 2017. As a form of appreciation for 200 public companies with the best market capitalization in Indonesia through a number of categories.



**Indonesia Most Innovative Business Award 2017 – Warta Ekonomi**

'Indonesia Most Innovative Business Award 2017' is a form of appreciation to the industry players in Indonesia who are able to produce the best innovation so that it can continue to grow and compete in the tight competition of the industry. PGN was awarded for Oil & Gas category.



**Gold BUMN Corporate Branding – BUMN Branding & Marketing Award 2017**

BUMN Branding & Marketing Award 2017 takes the theme of to Handle Disruption, and PGN is awarded for Product Branding category. This is in line with PGN’s efforts to further encourage the utilization of natural gas to the community as a source of cleaner and more efficient energy.



**TOP CSR Award 2017 kategori Rural Economic Development dan Top Leader dalam “CSR Commitment” – Business News**

The awards received by PGN are evidences of the company’s commitment to support the Government-run Nawacita program. PGN refers to the 8 pillars of CSR, i.e. assistance to victims of Natural Disasters, assistance in the field of Education, Health Enhancement assistance, Infrastructure and Public Facilities development assistance, Relief Facilities, Conservation, Social and SME Development.



**The Best Human Capital Index dan The Best Competency Management – IHCS Study 2017**

PGN achieved Best of HC Index Effectiveness at IHCS Study 2017, besides in the same event PGN also get Best Competency Management Award.



**PATRA NIRBHAYA KARYA PRATAMA - SEI**

Recognition of the safety commitment of the Ministry of Energy and Mineral Resources.



**PATRA NIRBHAYA KARYA UTAMA - KJG**

Recognition of the safety commitment of the Ministry of Energy and Mineral Resources.

**PGN CERTIFICATIONS**



**SMK3 CERTIFICATE**

Based on the Decree of the Minister of Manpower No. 201 of 2017 on the Implementation of Occupational Health and Safety Management System



**ISO 14001:2004 CERTIFICATE NUMBER JKT6025110/A**

Achieving ISO 14001: 2004 Certification in the implementation of Management System Environment (SML).



**OHSAS 18001 : 2007 CERTIFICATE NUMBER JKT6025110/B**

Achieving OHSAS 18001: 2007 Certification in the implementation of Occupational Health and Safety Management System (SMK3).



**SELF MANAGE SECURITY MANGEMENT SYSTEM CERTIFICATE BASED ON CHIEF OF INDOONESIAN NATIONAL POLICE REGULATION NO 24/2007**

Achieving OHSAS 18001: 2007 Certification in the implementation of Occupational Health and Safety Management System (SMK3).

# NAMES AND OF SALES AREA BUSINESS UNIT, SUBSIDIARIES AND AFFILIATED COMPANIES

## SALES AREA OFFICE

### 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. Boulevard Selatan  
Ruko Sinpansa Blok SA 11 – SA 12  
Sumarecon Bekasi 17142, Indonesia  
T. (65-21) 2957 2216  
F. (62-21) 2927 5515

### Sales Area Lampung

Gedung Sucofindo 3<sup>th</sup> 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

### 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 4<sup>th</sup>, 6<sup>th</sup> & 8<sup>th</sup> 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 9<sup>th</sup> 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 8<sup>th</sup> 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

### Unit Layanan Jaringan gas Rumah Tangga

Gedung Graha PGAS 5<sup>th</sup> 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 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 PGAS Telekomunikasi Nusantara (PGASCOM)

Kompleks Gedung PGN  
Gedung B 4<sup>th</sup> 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 (PGASSOL)

Kompleks Gedung PGN, Gedung C, 4<sup>th</sup> 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  
11<sup>th</sup> & 12<sup>th</sup> 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 9<sup>th</sup> & 10<sup>th</sup> floor  
Jl. KH. Zainul Arifin No. 20  
Jakarta 11140, Indonesia  
T. (62-21) 29071415  
F. (62-21) 29071138 / 1140

### PT PGN LNG Indonesia (PGN LNG)

Kompleks Gedung PGN  
Graha PGAS 2<sup>th</sup> 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 8<sup>th</sup> floor  
Jl. KH. Zainul Arifin No. 20  
Jakarta 11140, Indonesia  
T. (62-21) 633 1180  
F. (62-21) 634 0031

## AFILIATES

### PT Kalimantan Jawa Gas (KJG)

Kompleks Gedung PGN  
Gedung B 2<sup>th</sup> floor  
Jl. KH. Zainul Arifin No. 20  
Jakarta 11140, Indonesia  
T. (62-21) 6385 4534  
F. (62-21) 633 1632

### PT Nusantara Regas (NR)

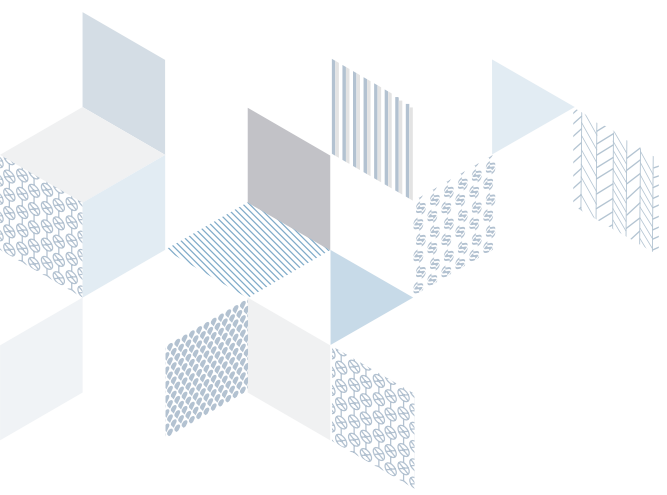
Wisma Nusantara 19<sup>th</sup> floor  
Jl. M.H. Thamrin No. 59  
Jakarta 10350, Indonesia  
T. (62-21) 315 9543  
(62-21) 315 9544  
F. (62-21) 315 9525

### 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



# IMPORTANT EVENTS



**May 2017**  
PGN Annual General Meeting of Shareholders

PGN conducted the 2017 Annual General Meeting of Shareholders on May 4, 2017 in Jakarta. At the GMS this time the shareholders approved the appointment of Jobi Triananda Hasjim as President Director of PGN.

**May 2017**  
Signing of PJBG between PGN and Conocophillips related to Dumai area supply

PGN signed a Gas Sales and Purchase Agreement (GSPA) with Conocophillips (Grissik) Ltd to supply of gas for market in Dumai's area in Sumatera.



**June 2017**  
The signing of MoU PGN and PJT II related to the development of food supporting production and energy infrastructure

PGN established a cooperation with Perusahaan Umum Jasa Tirta (PT) II. The synergy of the SOEs covers many areas ranging from the strengthening of food supporting production to energy infrastructure.



**May 2017**  
PGN 360° Integrated Solution Launching

The PGN 360 solution is a major theme of PGN services that embodies the concept of providing integrated solutions to provide comprehensive services and understand Customers, with all the uniqueness and capabilities of PGN which us part of PGN's efforts to not only sell energy like natural gas but also to implement business sustainability to customers, provision of services supporting gas services, fiber optic, facility management, property and others.





**July 2017**

**Signator of PGN-ASDP Cooperation Agreement of Double Diversified Ship Operations in Merak-Bakauheni**

PT Perusahaan Gas Negara (Persero) Tbk (PGN) signed a joint operation agreement for the operation of a new dual fuel vessel on the Merak (Banten) - Bakauheni (Lampung) line with PT ASDP Indonesia Ferry. The cooperation agreement between the two BUMNs is a form of supporting the Nawacita Government program of President Joko Widodo that encourages the development in the maritime field and also seeks to increase the utilization of natural gas from various sectors, including sea transportation.



**August 2017**

**Installation of Converter Kit at Public Transportation and Official Cars of Lampung Provincial Government**

PGN re-mizes the installation request for converter kits in official vehicles and city transportation in Lampung, one of which has installed converter kits for 116 vehicles.

**August 2017**

**Groundbreaking of Lampung Gas Network (Jargas)**

The government continues to increase the utilization of natural gas, among others through the development of gas distribution network for households (Jargas). For the year 2017, Lampung Province got a turn to build a jargas. Groundbreaking of jargas development at Perumnas Way Halim, Bandar Lampung, on Thursday (3/8), was conducted by the Director of Planning and Development of Oil and Gas Infrastructure, Alimuddin Baso, accompanied by Infrastructure and Technology Director of PT Perusahaan Gas Negara, Dilo Seno Widagdo and Secretary of Lampung Provincial Government Badri T.



**August 2017**

**The inauguration of Jargas PGN in Mojokerto**

The Ministry of Energy and Mineral Resources (ESDM) together with PT Perusahaan Gas Negara (Persero) Tbk (PGN) expanded the gas network (Jargas) for households in the Mojokerto area, East Java by 5,000 connections.



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**October 2017**  
Inauguration of Jangkrik Field Gas Production Facility of Muara Bakau - Saka Block Participating Interest 11.7%

Muara Bakau Block where PGN through its subsidiary Saka Energi Indonesia has a participating interest of 11.7% starting production in May 2017. This project is very significant to increase domestic gas supply and meet the target of natural gas lifting in 2017.



**November 2017**  
Signing of Memorandum of Collaboration between PGN and Pelindo

Signing of Memorandum of Collaboration PGN and Pelindo - Utilization of Natural Gas Business Facility Commitment  
Signing of PGN Cooperation Agreement with Perum Jasa Tirta II, PT Energy Management Indonesia, PT Pertamina (Persero) and PT Hutama Karya (Persero).

**November 2017**  
Groundbreaking construction of gas transmission pipeline Duri-Dumai PGN - Pertamina

PT Pertamina (Persero) and PT Perusahaan Gas Negara (Persero) Tbk (PGN) signed a Joint Development and Operation Agreement with Duri-Dumai Gas Transmission Line. Construction of a 67 kilometer (km) pipeline with Pertamina's 60% ownership share and 40% PGN.



**November 2017**  
The signing of the PGN Cooperation Agreement with Perum Jasa Tirta II, PT Energy Management Indonesia, PT Pertamina (Persero) and PT Hutama Karya (Persero).

The signing of this cooperation agreement is in line with the government's objectives and expectations for the realization of development synergy in order to achieve national economic progress.





**December 2017**  
Signing of MoU Development of KEK Geopark Sukabumi

PGN signed a Memorandum of Understanding (MOU) between PT Bintangraya Lokalestari on the Cooperation of Natural Gas Utilization and Business Development in KEK Geopark Sukabumi. The signing was conducted between Commercial Director of PT PGN (Persero) Tbk Danny Praditya and Commissioner of PT Bintangraya Lokalestari, Dhanny Handoko.

**December 2017**  
Beranda MAS Launching

Beranda MAS is a superior product with a new concept of housing that is integrated with natural and cheaper gas supply. In addition to available networks of residential gas on offer is also equipped with fiber optic facilities, solar panels and under ground utilities, and the concept of a smart home. The housing located at Jalan Narogong, Bekasi in the design took the participation of Top 100 Architects in the world namely Andra Matin.

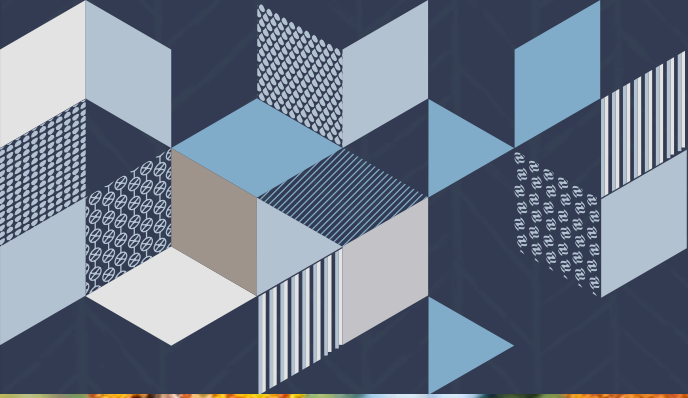




Gaskita, gas fuel products for transportation from PGN, in addition can be used for public transportation vehicles, private vehicles with gasoline can be converted into dual fuel (using fuel oil and gas fuel simultaneously). The government is targeting an increase in gas utilization for the transportation sector to reach 282MMscfd by 2025.







As an aspect of their local wisdom and heritage, the Balinese prepare offerings for religious ceremonies carefully and thoroughly. In that spirit, the management of PGN handles risks and business potential. Opportunities and development potential are managed carefully and thoroughly, in measured risks.

04



**MANAGEMENT DISCUSSION  
AND ANALYSIS**



# MANAGEMENT DISCUSSION AND ANALYSIS



Encountering a year full of challenges, PGN as a national development agent consistently builds infrastructure to serve the nation.

This annual report consists of statements that are characterized as “prospective statements” related to events in the future within the meaning set out in the capital market law. Information on future events generally consists of statements beginning with or containing the meaning of “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose”, or equivalent words indicating the future outcome or statements regarding an outlook. Every statement, other than statements with historical facts contained in this Annual Report, including but not limited to matters regarding future financial position and results of operation, strategy, plan, goal, objective and target, with respect to matters on development or expansion, dividend distribution, and sentences that begin with, are followed by, or contain the meaning of “believe”, “expect”, “goal”, “intend”, “will”, “may”, “project”, “estimate”, “target”, “anticipate”, “predict”, “seek”, “should” or equivalent words are statements related to future events.

Future events categorized as prospective statement include known or unknown good risks, uncertainty and other factors that are beyond the Company’s control that affect the actual result, performance, achievement or business income, where those matters are materially different from the Company’s future plan, performance, and achievement expressed in the prospective statements in this Annual Report.

Prospective statements in this Annual Report are composed in accordance with various assumptions regarding current or future business strategy and the environment where the Company runs its future operation. Readers of this Annual Report are reminded that prospective statements do not guarantee the Company’s future performance as the actual result of the Company’s performance and condition may be materially different from the matters being stated, projected, or assumed in the prospective statements.

Important factors that cause material differences between actual condition, performance, or achievement of the Company and the prospective statements include but not limited to:

- Changes on Indonesian laws, which directly or indirectly affect the Company’s operation;
- Changes on the Government’s policies regarding oil and gas;
- National, regional or global economic condition that affects economic activity or causes disturbance on the market due to global factor;
- Changes due to inflation, different interest rate, or due to different exchange rates;
- Other matters (in the event of other matters related to PGN’s business that influence the prospective statements in this Annual Report).

The following Management’s Analysis and Discussion aims to explain the Company’s performance and it refers to the PGN’s Consolidated Financial Statement dated December 31, 2016 audited by Tanudiredja, Wibisana, Rintis & Partners (PricewaterhouseCoopers Indonesia) Public Accounting Firm (PAF).

## OPERATIONAL REVIEW PER BUSINESS SEGMENT

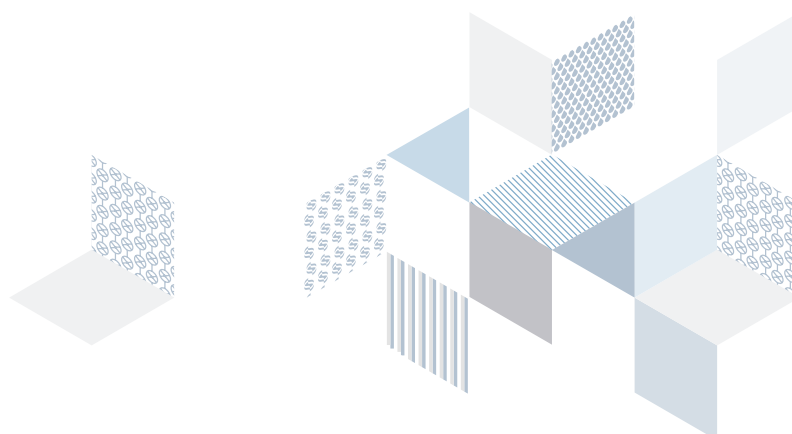
As a SOE in gas transmission and distribution business, referring to Act of Oil and Gas No. 22 Year 2001 which requires separation of entities running the upstream and downstream business, and for the management in running its operational activities, PGN has 4 (four) core business segments, namely (1) Transmission/Transportation Business Segment, (2) Distribution/Trade Business Segment, (3) Oil and Gas Business Segment, and (4) Other Business Segment such as telecommunication, LNG, building and equipment management and rental, and financial lease.

The year of 2017 was when PGN implemented transformation phase II (2016-2020) of full potential optimization to become leading energy company with global standard in Indonesia. Transformation phase II was initiated by restructuring organizations running in the management of transmission/transportation and distribution/trade activities in order to be more effective and strategic active advisor. As the parent business, PGN's active operational activities were decreasing and focused more on strengthening operational activities at subsidiaries. In this phase, restructuring was executed by creating two business units to manage operational activities in order to meet the Company's operational target more effectively and efficiently.

PGN established three business units, namely Business Unit Infrastructure (BUI) as administrator of infrastructure, Business Unit Gas Product (BUGP) as administrator of gas commodity and customer service, and Business Unit Gas Network Services (Jargas) as administrator of infrastructure and gas commodity as well as customer service for households under government's assignment. Each business unit will attempt activities to optimize achievement of operational target, both regarding to development and infrastructure utilization level and of sales volume growth and customer satisfaction. This restructuring did not have impact on PGN's services to customers and prospective customers.

### PROFITABILITY PER BUSINESS SEGMENT

Business Segment (in million USD)	Transmission/ Transportation		Distribution/ Trading		Oil and Gas		Others		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net Revenues	2.50	8.10	2,309.17	2,539.44	472.86	314.11	185.07	73.12	2,969.59	2,934.78
Segment Expense	(70.24)	(87.06)	(1,762.99)	(1,655.78)	(454.54)	(313.52)	(237.26)	(322.92)	(2,525.03)	(2,379.29)
Profit	(67.74)	(78.96)	546.18	883.66	18.32	0.59	(52.19)	(249.81)	444.57	555.49



## TRANSMISSION/TRANSPORTATION BUSINESS SEGMENT

The business segment of gas transmission/transportation is an activity of transporting shippers' gas from a reception point such as a gas field or other source to the offtaker handover point through high pressure transmission pipeline. In this business segment, PGN operates transmission pipeline to distribute shippers' gas and receive toll fee in return, of which the amount is determined by Oil and Gas Downstream Regulatory Agency (BPH Migas). The following overview describes information on transmission pipeline area operated by PGN for the transmission/transportation business activity.

No.	Transmission Pipeline	Length (Km)	Shipper	Offtaker	Operator
1	Wampu – Belawan	37	PLN	PLN	PGN
2	SSWJ Phase I	378	PGN	PGN – West Java Distribution	PGN
3	SSWJ Phase II	626	PGN PLN	PGN – West Java Distribution PLN – Muara Tawar	PGN
<b>Total</b>		<b>1,041</b>			

In addition to PGN, TGI and KJG as subsidiaries also serve as the transmission pipeline operators with the following overview:

No.	Transmission Pipeline	Length (Km)	Shipper	Offtaker	Operator
1	Grissik – Duri	536	ConocoPhillips (Grissik) Ltd.	PT Chevron Pacific Indonesia	TGI
			PT Energasindo Heksa Karya	PLN - Payo Selincah	
			PGN	PGN (untuk RAPP, IKPP, Pertamina Lirik, dan 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	
			GEI	PT IKPP	
			Pertamina	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	
			<i>Perusahaan Daerah Pertambangan dan Energi Sumatera Selatan (PDPDE South Sumatera)</i>	PT Lontar Papyrus Pulp & Paper Industry (LPPPI)	
			PT Inti Daya Latu Prima	PGN – Batam Distribution PLN Batam	
			PLN Batam	Tanjung Ugang Powerplant	
3	Kepodang – Tambak Lorok (Kalimantan Jawa I)	201	PLN	PLN - Tambak Lorok	KJG
<b>Total</b>		<b>1,207</b>			



Other than transmitting gas through transmission pipelines, as a support for BBM to BBG conversion program for transportation sector carried out by the Government, PGN also distributed gas to several SPBG appointed by the Government as part of the program. In 2017, PGN transmitted gas to a total of 12 SPBG units, with details of nine SPBG units located in Jabodetabek, one unit in Surabaya, one unit in Batam, and one unit in Lampung. For such activity, PGN received compensation fee for gas transmission to SPBG with the amount determined by the Government.

### Performance of Transmission/Transportation Business Segment

In 2017, the transmission/transportation segment managed by PGN distributed gas in the amount of 8 MMSCFD from 18 MMSCFD in 2016. It is a result of the decreased realization volume of PGN transmission for Muara Tawar Power Plant. Overview of Performance of Transmission/Transportation Business Segment operated by PGN is as follows:

Transportation	2017		2016		Δ (%)
	MMSCFD	(%)	MMSCFD	(%)	
PGN:					
To SPBG Jakarta	3	37.5	3	16.7	0
To PLN Muara Tawar	4	50	15	83.3	(73)
To PLN MPP Paya Pasir	1	12.5			100
<b>Total</b>	<b>8</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>(56)</b>

In 2017, TGI and KJG transmitted gas amounted to 725 MMSCFD from 778 MMSCFD in 2016.

The decrease by 6.8% in this business segment was a result of TGI and KJG's transmission volume decrease.



The decrease of gas transmission in pipeline operated by TGI was caused by the decreased gas transmission for lifting oil sector on one of the shippers. 2017 also saw a decrease in gas transmission volume by KJG due to dropped gas production at Lapangan Kepodang.

Transportation	2017		2016		Δ (%)
	MMSCFD	(%)	MMSCFD	(%)	
TGI	649	89.5	686	88.2	(5.4)
KJG	76	10.5	92	11.8	(17.4)
<b>Total</b>	<b>725</b>	<b>100.0</b>	<b>778</b>	<b>100.0</b>	<b>(6.8)</b>

Based on stipulation on special licence for transmission pipes and pipeline transmission rates by BPH Migas, the overview of transmission rates or toll fee for transmission pipeline managed by PGN and its subsidiaries (in USD/MSCF) is as follows:

No	Transmission Pipeline	Operator	2017	2016
1	Wampu – Belawan	PGN	0.400	0.400
2	SSWJ Phase I	PGN	1.550	1.550
3	SSWJ Phase II	PGN	1.470	1.470
4	Grissik – Duri	TGI	0.466	0.466
5	Grissik – Batam – Singapura	TGI	0.740	0.740
6	Kepodang – Tambak Lorok	KJG	2.326	2.326

### Revenue of Transmission/Transportation Business Segment

In 2017, transmission/transportation segment booked revenue in the amount of USD2.49 million from USD8.10 million in 2016. A decline by 69.26% from this business was a result of the PGN's halted transmission services for gas transmission operated by Muara Tawar Power Plant.

TGI booked revenue of USD151.62 million in 2017 from USD158.72 million in 2016 due to the reduced gas transmission volume by TGI, mainly caused by decreased gas transmission volume for activities in oil lifting sector by one of the shippers.

KJG booked revenue of USD55.46 million in 2017 from USD62.65 million in 2016 as a result of decreased gas transmission volume by KJG following the lower gas production by Lapangan Kepodang.

Revenue	2017		2016		Δ (%)
	Million USD	%	Million USD	%	
PGN	2.50	1.19	8.10	3.53	(69.1)
TGI*	151.62	72.34	158.72	69.17	(4.47)
KJG**	55.46	26.46	62.65	27.30	(11.47)
<b>Total</b>	<b>229.58</b>	<b>100.00</b>	<b>229.47</b>	<b>100.00</b>	<b>(8.66)</b>

\*TGI's revenues presented in consolidated financial report as share in profit of associated entities and joint ventures.

\*\*KJG revenues presented as other income: financial lease.

## DISTRIBUTION OR COMMERCIAL SEGMENT

The distribution/commercial segment is the distribution and selling of natural gas to end users for manufacturing and processing industries, power plants, commercial, and households using various modes, both pipelines and non-pipes. This business segment is managed by PGN and GEI Subsidiaries.

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:

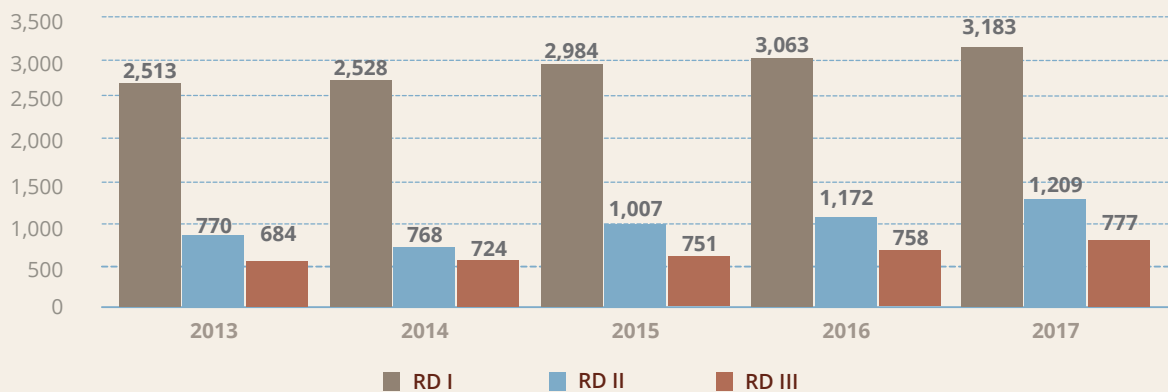
- a. RD I : covering Sales Areas of Jakarta, Bogor, Bekasi, Karawang, Tangerang, Cilegon, Lampung, Palembang, and Cirebon;
- b. RD II : covering Sales Areas of Surabaya, Sidoarjo, Pasuruan, Semarang, Tarakan, and Sorong;
- c. RD III : covering Sales Areas of Medan, Batam, Pekanbaru, and Dumai.

### Customer Category of Gas Distribution or Commercial

PGN serves to various customers and categories them into four segments, i.e.:

1. Household Customers  
Includes housing, flats managed by both government and private, condominiums, and apartments.
2. SPBG (Gas Refueling Station) Customers  
They are customers who refuel their motor vehicles with natural gas. For the purposes of this annual report, the customers categorized as SPBG customers are SPBG and Mobile Refueling Unit (MRU) owned by GEI.
3. Commercial Customers  
Includes Micro, Small, and Medium Enterprises (SME), health centers, hospitals, orphanages, educational institutions, religious institutions, government offices, private offices, shopping centers, hotels, and restaurants/commercial establishments.
4. Industry Customers  
Includes commercial customers using natural gas in business activities in the field of services and commercial as well as customers of manufacturing industry, processing industries, and power plants using natural gas as fuel and or raw materials in activities in chemical, ceramic, basic metals, fabrication metals, paper, glass, wood, cement, food, textile, lifting oil, electricity generation and other manufacturing industries. Generally, the contract period with industrial customers is valid for five years and automatic renewal is valid for the next five years.

## LENGTH OF DISTRIBUTION PIPELINE (IN KILOMETER)



## LENGTH OF DISTRIBUTION PIPELINE (IN KILOMETER)

Regional Distribution (RD)	2013	2014	2015	2016	2017
RD I	2,513	2,528	2,984	3,063	3,183
RD II	770	768	1,007	1,172	1,209
RD III	684	724	751	758	777
<b>Total</b>	<b>3,967</b>	<b>4,020</b>	<b>4,742</b>	<b>4,994</b>	<b>5,169</b>

## Operations Performance of Distribution/Commercial Segment

In 2017, distribution/commercial business distributes 772 MMSCFD natural gas with the following distribution details per region:

Region	2017		2016		Δ (%)
	MMSCFD	%	MMSCFD	%	
RD I	542	70.2	583	72.5	(6.9)
RD II	133	17.3	130	16.2	2.4
RD III	97	12.5	91	11.3	6.7
<b>Total</b>	<b>772</b>	<b>100.0</b>	<b>803</b>	<b>100.0</b>	<b>(3.9)</b>

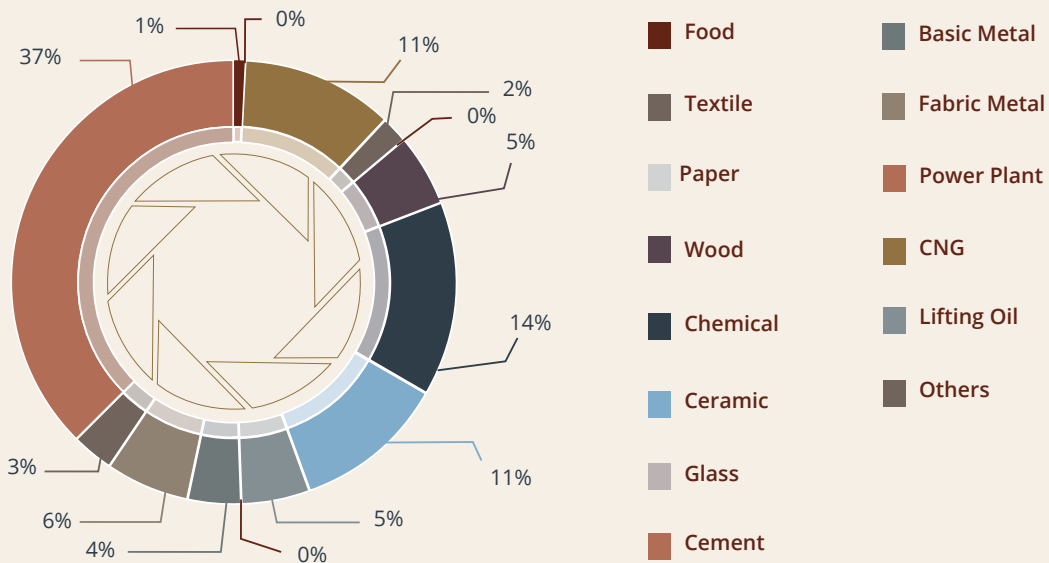
In general, the condition of distribution/commercial of natural gas in all operational areas of PGN is caused by economic conditions in 2017. The regional and global economic conditions affect the level of demand for goods in several industrial sectors and also affect the consumption of natural gas of PGN natural gas customers. Some of the points related to the sales conditions in 2017 are as follows:

- High level of competition and it threatens to enter the existing market of PGN in some parts of Region II (East Java) and develop in Region I (West Java) in Bekasi, Karawang, Jakarta, Bogor, Tangerang, and Cilegon;
- Competitiveness of PGN gas products; they compete with imported products where lack of regulatory support causes the low competitiveness domestic products;
- The relatively stable of oil prices dynamics at the level of USD 50/barrel resulted in low petroleum products and its derivatives. Thus, the customers had the option to switch from gas to oil;

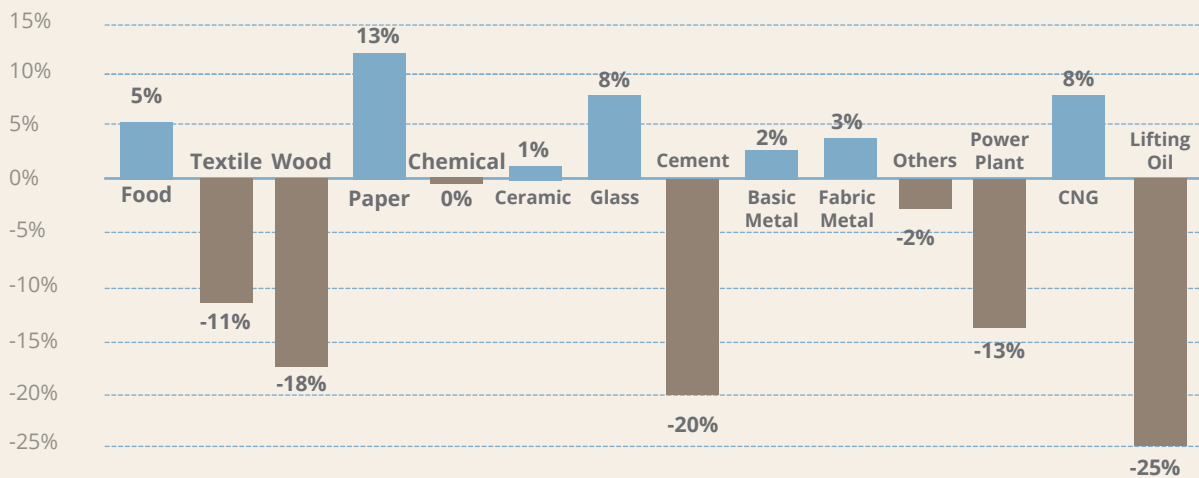
- The efficiency of PLN’s electricity generation costs as well as the merit of the electricity system resulting in some inefficient PLN or private power plants are not operated optimally;
- The high USD exchange rate against IDR also led to an increase in imported HPP for certain industries (ceramic and basic metal sectors);

Reduction of gas selling price in Medan Area Sales as of February 1, 2017 in accordance with Decision of Minister of Energy and Mineral Resources (*ESDM*) No. 434L/12/MEM/2017 contributed to the increased gas transmission volume in Medan Area Sales during 2017 compared to 2016.

**PGN GAS DISTRIBUTION PER INDUSTRIAL SECTOR IN 2017**

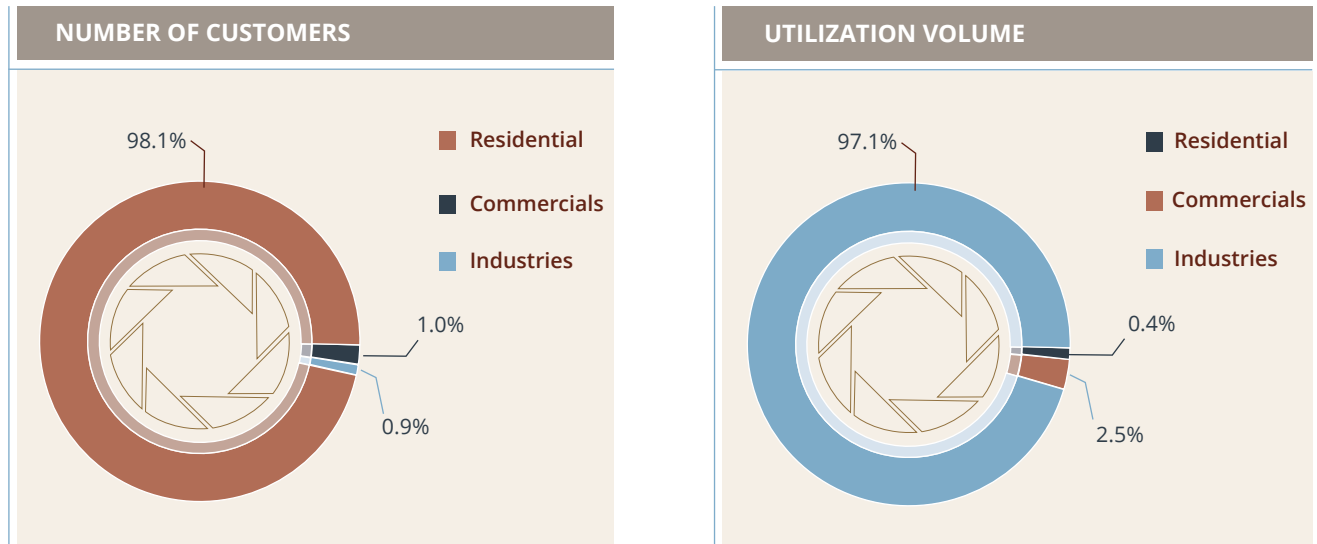


**GROWTH TRENDS OF INDUSTRIAL SECTOR 2016 -2017**



## Customer Profile

The number of PGN customers is dominated by the household customer segment, which is 98% of PGN's total natural gas customers. On the other hand, the industrial customer segment contributed the largest in natural gas utilization, which is 97% of PGN's total natural gas distribution volume. The demand for natural gas in each customer segment is influenced by the production needs as well as type and capacity of production equipment owned by the customers.

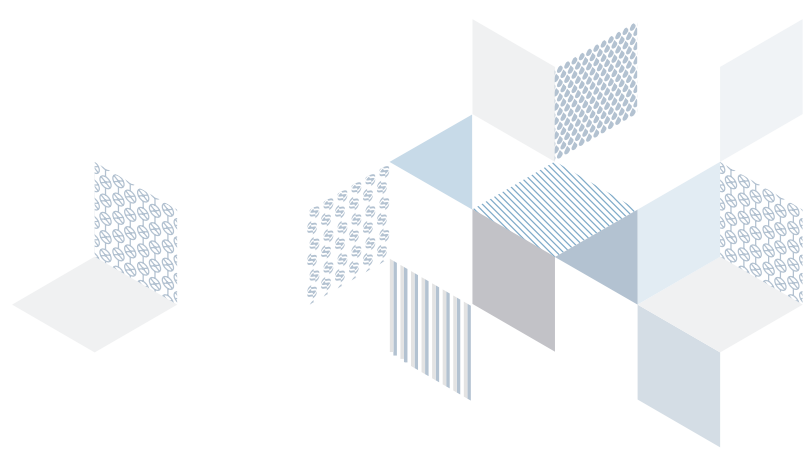
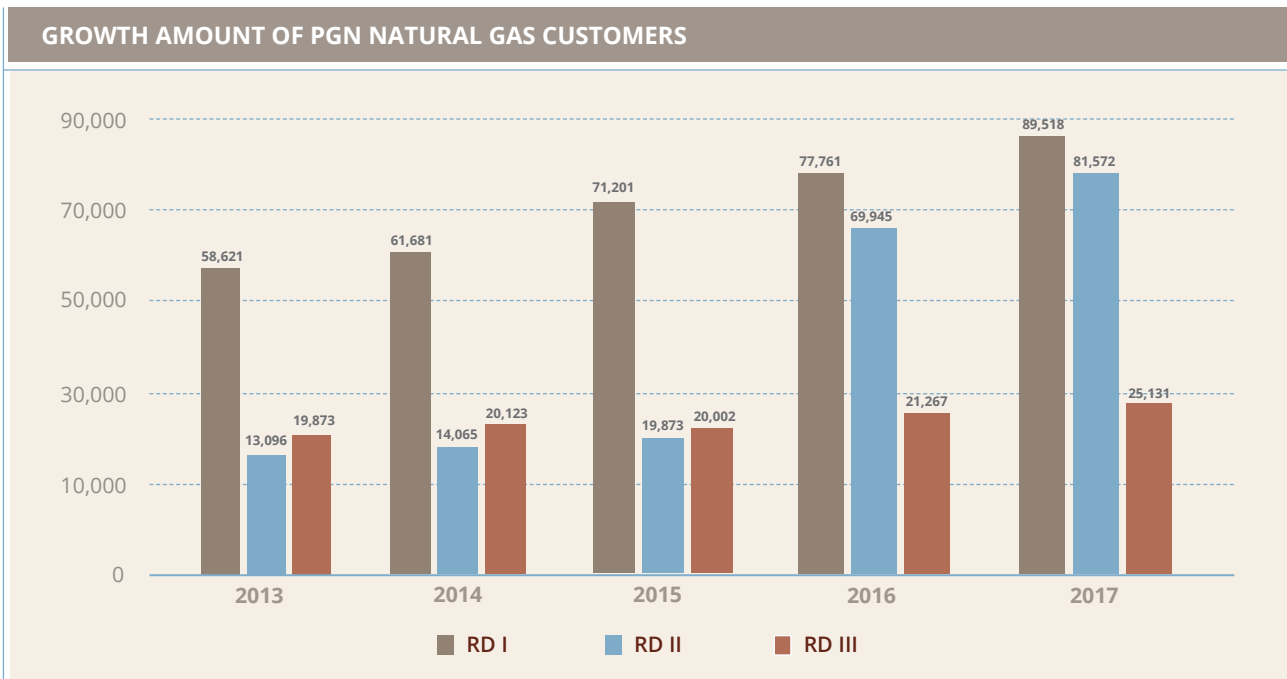


## Number of Customers

In 2017, 196,221 natural gas customers, domestic, commercial and industrial, received PGN natural gas services. The number is much increased compared to the previous year which amounted to 168,973 customers. This increase shows PGN's commitment to expanding its natural gas services in the country. The Composition of Customers is as follows:

Regional Distribution	2017		2016		Δ (%)
	Customer	%	Customer	%	
RD I	89,518	45.6	77,761	46.0	15.1
RD II	81,572	41.6	69,945	41.4	16.6
RD III	25,131	12.8	21,267	12.6	18.2
<b>Total</b>	<b>196,221</b>	<b>100.0</b>	<b>168,973</b>	<b>100.0</b>	<b>16.1</b>

Customer	2017		2016		Δ (%)
	Customer	%	Customer	%	
Residential	192,489	97.88	165,392	97.88	16.4
Commercials	1,991	1.14	1,929	1.14	3.2
Industries	1,741	0.98	1,652	0.98	5.4
<b>Total</b>	<b>196,221</b>	<b>100.0</b>	<b>168,973</b>	<b>100.0</b>	<b>16.1</b>



**Gas Selling Price Adjustment**

The adjustment of PGN gas selling price is strongly influenced by market dynamics, global economic condition, and regulation change from the government.

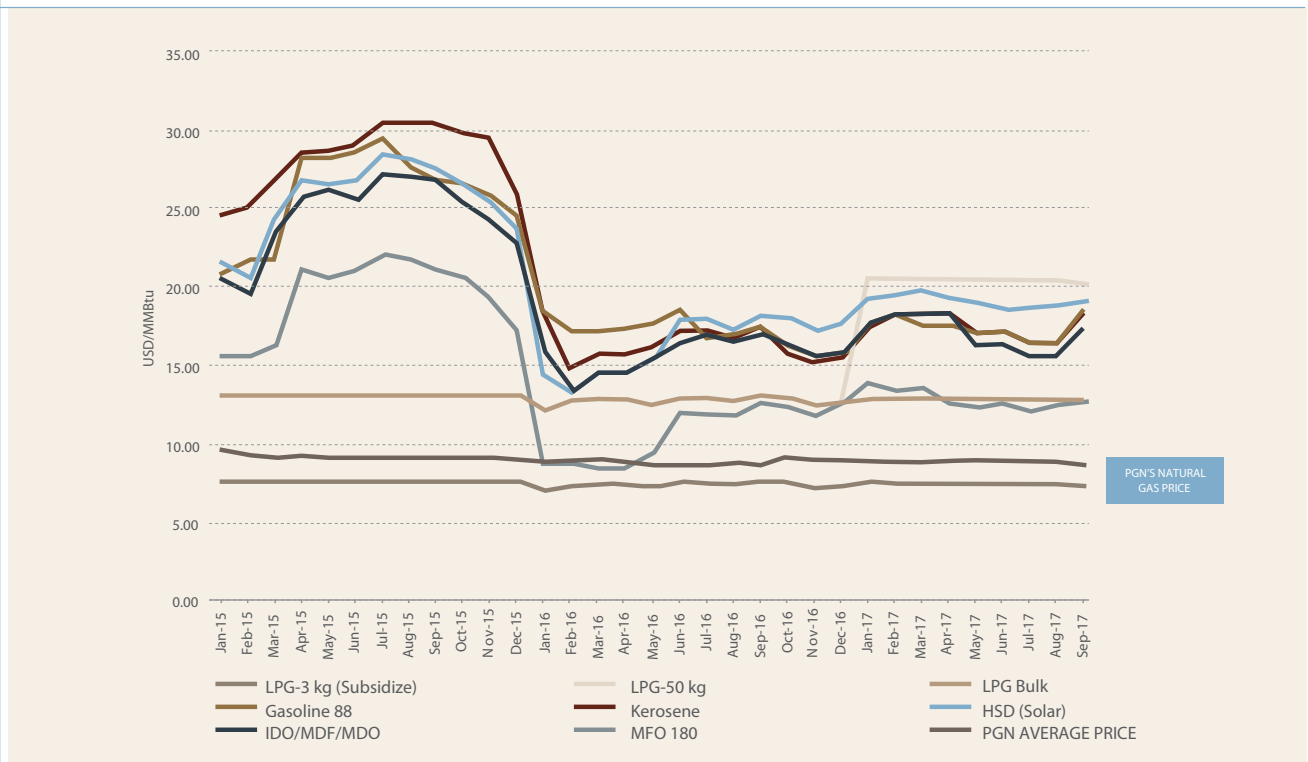
Since the price decline at the end of 2014, the price of crude oil did not show a significant increase in growth in 2017. Even in the second quarter of 2017, world's crude oil price was relatively weak even though at the end of fourth quarter 2017 reached its highest point in the last 3 years.

The change in crude oil price caused a chain effect in the PGN natural gas business in relation to: (i) the competitiveness of the selling price of natural gas

compared to petroleum derivative products and (ii) impact on the gas usage pattern of PGN customers especially for those who deal directly with petroleum production.

The regulatory changes and provisions issued by the government are also very influential on the adjustment of PGN gas selling price. In 2017, the Ministry of SOEs through its Ministerial Decree No. 434.K/12/MEM/2017 determined the amount of gas-forming components for industries in Medan and its surrounding areas. Based on the regulation, PGN adjusted PGN natural gas sales price to implement the government policy to support industrial growth as well as to provide added value and industrial competitiveness in Medan and its surrounding areas.

**SELLING PRICE PGN NATURAL GAS VS OTHER FUELS 2017**



\* Based on the selling price of fuel oil + VAT at PT Pertamina's Depot

As seen in the comparison graph of oil and gas fuel prices above, especially derivative products of petroleum type Marine Fuel Oil (MFO 180) has a more competitive selling price compared to PGN gas selling price when the oil price reaches USD40 barrel. But as the trend of world crude oil price rises above USD50/bbl, PGN gas price is still more competitive than the price of fuel oil, especially diesel fuel (High Speed Diesel/HSD) and MFO 180. In addition, natural gas prices tend to be stable, while the prices of HSD and the MFO fluctuate according to global oil price condition. More stable gas prices enable customers to perform production planning and operational cost calculation.



## Revenue of Distribution/Trading Business Segment

In 2017, the PGN business segment of distribution/trade obtained revenue at USD2,404.70 million. This revenue decreased by 5.32% compared to 2016 revenue at USD2,539.44 million. It is a result of the dropped revenue of industry segment, mainly due to gas selling price adjustment to support electricity sector.

Customer Segment	2017		2016		Δ (%)
	Million USD	%	Million USD	%	
Industries	2,348.26	98%	2,490.87	98%	(5.73)
Commercials	47.55	2%	41.51	2%	14.55
SPBG's	1.99	0%	1.47	0%	35.37
Households	6.91	0%	5.59	0%	23.61
<b>Total</b>	<b>2,404.70</b>	<b>100%</b>	<b>2,539.44</b>	<b>100%</b>	<b>(5.31)</b>

## OIL AND GAS BUSINESS SEGMENT

Oil and gas business segment is PGN's business and investment activity in the oil and gas upstream, which includes exploration, exploitation, and business development in the field of oil and gas. This business activity is a manifestation of PGN's attempts in expanding its portfolio in energy business chain through SEI, a subsidiary entity.

In this segment, SEI obtains revenue from oil lifting, gas, LPG and LNG. Meanwhile, the basic expenses needed in this business activity are among others production and lifting cost, oil and gas shrinking cost as well as cost allocation regarding exploration and exploitation.

## Operating Performance of Oil and Gas Business Segment

In 2017, oil and gas segment's revenue rose due to the increasing lifting activity in the fully operational Bangkanai PSC and Sanga-sanga PSC as well as Muara Bakau PSC production commencing in 2017. In addition to that, there was an increase in the lifting activity in Ketapang PSC and Fasken (Texas) that have been producing since several years ago.

No	Block	Ownership (%)	Operator	Status
1	Pangkajene PSC	100.0	SEI	Production
2	South Sesulu PSC	100.0	SEI	Exploration
3	Fasken	36.0	Swift Energy	Production
4	South East Sumatera PSC	8.9	CNOOC	Production
5	Ketapang PSC	20.0	Petronas	Production
6	Bangkanai PSC	30.0	Salamander	Production
7	Muriah PSC	20.0	Petronas	Production
8	West Bangkanai PSC	30.0	Salamander	Exploration
9	Muara Bakau PSC	11.7	ENI	Production
10	Wokam II PSC	100.0	SEI	Exploration
11	Sanga Sanga PSC	37.8	VICO	Production

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

Lifting	2017	2016	Δ (%)
Crude oil (in bbls)	3,283,047	3,254,943	0.86
Natural gas (in MMbtu)	50,679,766	40,422,514	25.38
LPG (in MT)	54,803	50,834	7.81
LNG (in MMbtu)	11,728,861	4,416,768	165.55

The increased gas lifting was obtained from Fasken, while LNG sales came from Muara Bakau block which began producing in 2017 after development phase in the previous year.

### Revenue of Oil and Gas Business Segment

Oil and gas segment through SEI booked USD472.86 million revenue in 2017. This figure rose by 50.54% compared to 2016 revenue at USD314.11 million as a result of Muara Bakau Block that began producing in June 2017 and fully producing Sanga-sanga Block.

Lifting	2017		2016		Δ (%)
	Million USD	%	Million USD	%	
Crude Oil	166.41	35.19	132.73	42.3	25.37
Natural Gas	197.65	41.80	155.97	49.7	26.72
LPG	25.03	5.29	17.40	5.5	43.85
LNG	83.77	17.72	8.01	2.6	945.82
<b>Total</b>	<b>472.86</b>	<b>100.0</b>	<b>314.11</b>	<b>100.0</b>	<b>50.54</b>

### OTHER BUSINESS SEGMENTS

Other business segment is other business directly related to or supporting PGN's core business in accordance with the prevailing Law and regulations through subsidiaries and affiliations. The other business activities are among others:

1. Telecommunications  
PT PGAS Telekomunikasi Nusantara (PGASCOM), established in January 2007 and began operating in March 2008 provides bandwidth for Jakarta-Singapura track, fiber optics network, internet service provider, application, SCADA and ICT services.
2. Pipeline Construction, Operation and Maintenance  
PT PGAS Solution (PGASSOL), established in August 2009 and has been operating since 2010 provides technical services, construction, and maintenance.
3. LNG  
PT PGN LNG Indonesia (PGN LNG), established in June 2012, has been commercially operating collecting and regasification terminal for LNG (FSRU) in Lampung since November 2014.
4. Building and Equipment Management and Rental  
PT Permata Graha Nusantara (PERMATA) was established in June 2014 and began commercial operation in the same year. It runs property and services business, including among others facility for customers' business operation support such as building management, office and transportation services, oil and gas support, assets utilization and optimization, procurement of commercial and residential properties, and other services.
5. Financial Lease  
PT Kalimantan Jawa Gas (KJG) was founded in July 2013 through ownership by PERMATA. Since August 2015, KJG has been commercially operating Kepodang-Tambak transmission pipe to transmit gas to PLN Tambak Lorok. KJG's main business is gas transmission, but the impact of implementation of PSAK No. 30 on lease and ISAK No. 8 on transaction interpretation that contains lease made KJG's transmission revenue during 2017 be presented as financial lease revenue in the category of other business income.

## Operating Performance of Other Business Segment Telecommunication

In 2017, PGASCOM had several permits to support its business, namely Closed Liscense of Fixed Network, Principal Liscense of Packet-Switched-based Local Fixed Network Administration (JARTAPLOK), Landing Right Liscense, Network Access Provider Liscense, and through its subsidiary PT Telemedia Dinamika Sarana (TDS), Service Based Operator Liscense (SBO) issued by Infocomm Development Authority Singapore (IDA) in Singapore.

In 2017, operational activities were performed in accordance with the agreed Service Level Agreement (“SLA”). The operational activities include Jakarta-Batam-Singapore backbone network maintenance, network and lastmile access at several areas, among others: Batam, Jambi, Palembang, Lampung, Cilegon, Serang, Jakarta, Bandung and Surabaya in the form of fiber optics, radio, and VSAT with 99.9% SLA achievement of backbone network reliability and 99.9% SLA of lastmile network.

Operational Performance of PGASCOM can be seen in the following table:

Business Segment	2017		2016		Δ (%)
	Mbps	%	Mbps	%	
Operator	536,160	22.11	760,965	41.40	(14.35)
NAP / ISP	1,567,200	64.63	690,831	45.69	126.86
Corporate	308,713	12.73	49,430	12.20	67.39
PGN Group	12,832	0.53	10,764	0.71	19.21
<b>Total</b>	<b>2,424,905</b>	<b>100.00</b>	<b>1,511,990</b>	<b>100.00</b>	<b>60.38</b>

## Construction, Operation and Maintenance of Pipelines

PGASSOL in 2017 has completed the following works:

- Kalisogo-Waru pipe installation for PGN’s distribution pipeline reliability.
- Ajinomoto-Chiel Jedang pipe installation for market development in the East area of Java.
- Tander-Perak pipe installation for market development in the East area of Java.
- Batu-Ampar pipe installation for market development in Batam.
- Installation of customer’s connecting pipe used to transmit gas from existing pipe to PGN’s new customers.
- Operational and Maintenance activities for all transmission pipeline and distribution network as well as its supporting facilities.
- Provide SPBG for Serang City - West Java Area.
- Installing pipeline for customer attachmant program, which connecting from their plant to existing pipeline.
- Operation & maintenance for all transmission and distribution pipeline section.

PGASSOL operating performance is shown as follows:

Business Segment	2017		2016	
	No. of Project	%	No. of Project	%
Operation and Maintenance	62	31	23	13
Engineering and Engineering Procurement Construction (EPC)	65	32	147	83
Trading	20	10	4	2
Consultant	56	28	3	2
<b>Total</b>	<b>203</b>	<b>100</b>	<b>177</b>	<b>100</b>

## LNG

The LNG business is managed by PGN LNG (subsidiary) and NR (joint venture subsidiary). In 2017, PGN LNG has transmitted the regasification output gas in the amount of less than one cargo to PGN, while NR transmitted 28 cargos to PLN.

PGN LNG operates Floating Storage and Regasification Terminal (FSRT) facility consisting of Floating Storage and Regasification Unit (FSRU), Mooring System, offshore pipe and Onshore Receiving Facility (ORF) located in Labuhan Maringgai, Lampung in cooperation with Hoegh LNG Lampung as owners of FSRU in operating FSRU. FSRU is able to perform LNG regasification up to 240 MMSCFD. The output gas is then transmitted through 21-kilometer offshore pipeline connecting FSRU and ORF Labuhan Maringgai to be transmitted to customers in Java Island.

Operational Performance of PGN LNG can be seen in the following:

Regassification*	2017	2016	Δ (%)
Natural Gas (in MMbtu)	1,222,685	24,006,301	(94.91)

\*MMBTU = million British Thermal Unit, 1 MMbtu equals to 28,3205m<sup>3</sup>

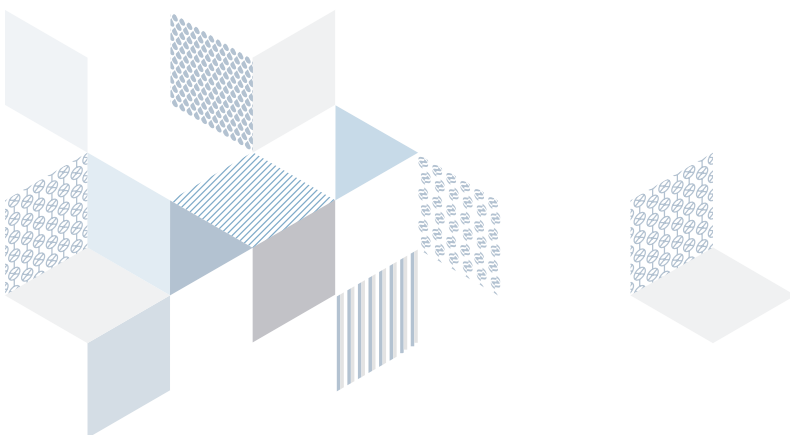
The decreased transmission of gas from PGN LNG in 2017 was caused by PGN LNG's transmission being used only to meet supply needs at the time of maintenance by PGN gas supplier.

NR operates Floating Storage and Regasification Unit (FSRU) facility, offshore pipe and Onshore Receiving Facility (ORF) located in Teluk Jakarta in cooperation with Golar Energy Ltd. as owners of FSRU in operating FSRU. Operational Performance of NR can be seen in the following:

Operational Performance of NR can be seen in the following:

Regassification*	2017	2016	Δ (%)
Natural Gas (in MMbtu)	77,036,179	81,084,020	(4.99)

\*MMBTU = million British Thermal Unit, 1 MMbtu equals to 28,3205m<sup>3</sup>



## Buildings and Equipments Management and Leasing

PERMATA began to implement Building and Equipment Management and Rental in 2015. The following is PERMATA's performance in 2016:

Business Segment	2017		2016		Δ (%)
	Revenue (Billion IDR)	%	Revenue (Billion IDR)	%	
Oil and Gas Support	181.36	14.0	159.95	12.0	13.4
Rent Financing	476.64	36.8	505.94	38.0	(5.8)
Asset Transmission	265.69	20.5	327.84	24.6	(19.0)
Building Management	137.82	10.6	136.56	10.3	0.9
Office Support	66.52	5.1	61.90	4.7	7.5
Offtake Station Management	60.59	4.7	55.35	4.2	9.5
Transportation Service	44.17	3.4	24.79	1.9	78.2
Warehouse Management	12.29	0.9	17.94	1.3	(31.5)
Temporary Facilities	7.74	0.6	17.56	1.3	(55.9)
Archive Service	17.10	1.3	13.38	1.0	27.8
Others	25.57	2.0	9.11	0.7	180.7
<b>Total</b>	<b>1,295.49</b>	<b>100</b>	<b>1,330.32</b>	<b>100</b>	<b>(2.6)</b>

## Financial Lease

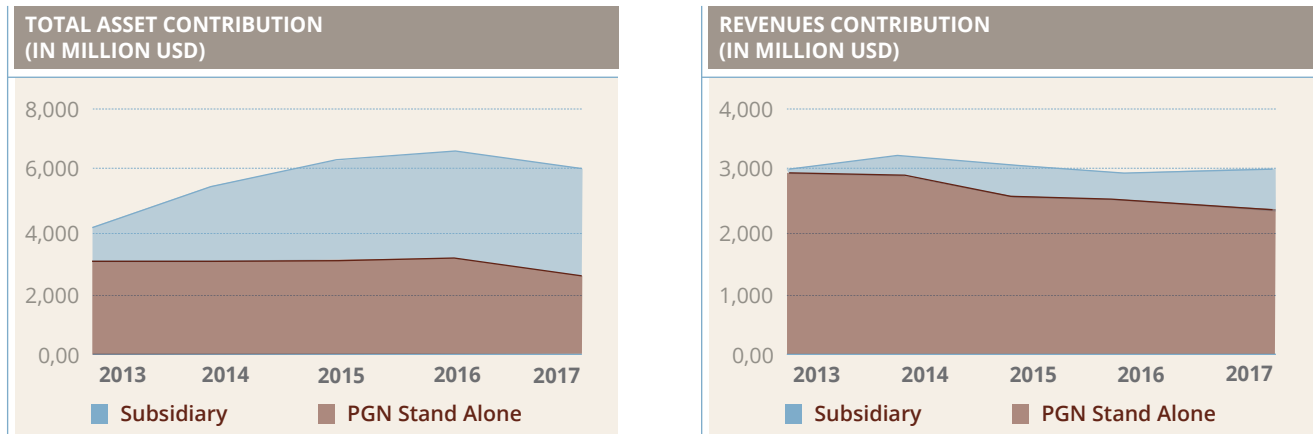
In August 2016, PGN through its affiliation, KJG, began operating Kalimantan-Java I (Kepodang-Tambak Lorok) transmission pipeline. The impact of implementation of PSAK No. 30 on lease and ISAK No. 8 on transaction interpretation that contains lease made KJG's transmission revenue during 2016 be presented as financial lease revenue. Operational Performance of KJG can be seen in the following:

Delivery	2017		2016		Δ (%)
	MMSCFD	(%)	MMSCFD	(%)	
PLN Tambak Lorok	76	100.0	91	100.0	(16.48)
<b>Total</b>	<b>76</b>	<b>100.0</b>	<b>91</b>	<b>100.0</b>	<b>(16.48)</b>

## DESCRIPTION OF THE FINANCIAL PERFORMANCE

### NET REVENUES

Net revenues was derived from four business segments which are transmission/transport business segments, distribution/trade business segments, oil and gas business segment, and other business segments that include (1) telecommunication, (2) construction, (3) the lease (financial lease), and (4) others include: management, rental of buildings and equipment.



The contribution of each segment to operating income in 2017 is as follows:

Business Segment	2017		2016		Δ	
	Million USD	%	Million USD	%	Million USD	%
Transmission/Transportation	2.50	0.10	8.10	0.28	(5.60)	(69.14)
Distribution/Trade	2,404.70	80.90	2,539.44	86.60	(134.74)	(5.31)
Oil and Gas	472.86	15.90	314.11	10.70	158.75	50.54
Others:						
Telecommunication	13.42	0.50	9.87	0.30	3.55	35.97
Construction	-	0.00	-	0.00	0.00	0.00
Lease revenues	55.48	1.90	62.65	2.10	(7.17)	(11.45)
Miscellaneous	20.64	0.70	0.60	0.02	20.04	3,339.48
<b>Total</b>	<b>2,969.59</b>	<b>100.00</b>	<b>2,934.77</b>	<b>100.00</b>	<b>34.82</b>	<b>1.19</b>

During 2017, PGN revenues amounting of USD2,969.59 million and USD2,934.78 million in 2016. Increase in revenue by 1.19% is mainly influenced by the increase in oil business and natural gas revenues. The distribution business contributing 80.98% to consolidated revenue has the greatest impact on the Company's net income. Decrease in income distribution business in 2017 amounted to USD134,75 million or 94.40% compared to the year 2016 mainly caused by the gas service stop by PT PLN Muara Tawar in the second quarter in 2017 and a decrease in customer distribution by the end of the year. Decrease usage also happened in Krakatau Daya Daya due to the force majeure condition they experienced throughout 2017. In addition to the decline in volume, there is the implementation of special prices in the West Java Region as PGN way in responding to competition in West Java, which also contributed to the decline gas distribution business revenues. The volume of natural gas sales during 2017 amounted to 772 Bbtud, lower compared to 2016 which reached 803 Bbtud. Blended price sales decreased from USD8.64 per mmbtu during 2016 to USD8.54 per mmbtu during 2017.

Revenue from oil and gas business in 2017 increased by USD158.75 million compared to 2016. This is due to increased lifting activity in Bangkanai PSC and Sanga-sanga PSC which has been fully operational in 2017, and Muara Bakau PSC has been producing in 2017. In addition there is also an increase in lifting activities in Ketapang PSC and Fasken (Texas) producing from previous years.

PGN booked revenues from natural gas transportation business of USD2.50 million during 2017, decreased from 2016 which amounted to USD8.10 million. This decrease is mainly due to cessation gas distribution by PLN Jambi Merang since early 2017.

In 2017, KJG's distribution volume decreased resulting in lower lease revenue (financial lease) of USD7.18 million. Through the PGAS Solution and PERMATA, PGN booked other revenues of USD20.64 million, higher than in 2016. This is due to the increased revenue of gas pipeline construction with Jargas Migas and ENI through PGASSOL, as well as Chiller rental services through PERMATA.

From the total consolidated net income, 25.47% is the result of sales transactions to entities relating to the Government for the year ended December 31, 2017. Meanwhile, of 27.45% is the result of sales transactions to related entities with the Government for the year ends on December 31, 2016.

## COST OF REVENUES

PGN's cost of revenues in 2017 consists of gas purchases from suppliers, fees for oil and gas production activities, LNG purchases and FSRU operations, etc. in the form of: cost of revenue from gas pipeline construction revenues as well as the management, rental of buildings and equipment for a total of USD2,172.36 million from USD2,047.84 million in 2016. The cost of revenues increased 6.08% or USD124.52 million from 2016. The increase in cost of revenues was mainly due to the increase in operating expenses oil and gas mining amounting to USD141.07 million. In 2017, there is a cost of revenue for construction and services amounting to USD18.32 million for the construction of assets by the PGASSOL and other services of PERMATA to outside of PGN group.

On the other side, natural gas purchase rose by USD71.44 million due to increased purchase from natural gas suppliers with higher selling price, eventually raising blended price in natural gas purchase. Cost of revenue of LNG sales declined by USD106.30 million due to declined cargo sales in 2017 compared to that of previous year.

Cost of Revenue	2017		2016		Δ	
	Million USD	%	Million USD	%	Million USD	%
Natural Gas Purchase	1,624.55	74.78	1,553.11	75.80	71.44	4.60
Operating Expenses for Oil and gas	443.77	20.43	302.70	14.80	141.07	46.60
LNG Purchase and FSRU Operation	85.72	3.95	192.02	9.40	(106.30)	(55.36)
Other Expense	18.32	0.84	-	-	18.32	-
<b>Total</b>	<b>2,172.36</b>	<b>100.00</b>	<b>2,047.83</b>	<b>100.00</b>	<b>124.53</b>	<b>6.08</b>

Basic expense of gas purchase amounted to USD1.62 billion came from several suppliers, among others ConocoPhillips, Pertamina, and other suppliers. The increase of gas purchase expense by USD71.44 million due to increased purchase price by gas suppliers with higher selling price eventually raised blended price in gas purchase. Cost of revenue on LNG purchase alone decreased by USD106.30 due to the dropped cargo purchase in 2017 compared to the previous year's.

Supplier	2017		2016		Δ	
	Million USD	%	Million USD	%	Million USD	%
ConocoPhillips	910.39	56.04	834.43	53.70	75.96	9.10
Pertamina	357.62	22.01	381.50	24.60	(23.88)	(6.26)
Others	356.54	21.95	337.18	21.70	19.36	5.74
<b>Total</b>	<b>1,624.55</b>	<b>100.00</b>	<b>1,553.11</b>	<b>100.00</b>	<b>71.44</b>	<b>4.60</b>

In 2017, the cost of revenues oil and gas amounted to USD443.77 million compared to 2016 amounting to USD302.70 million or an increase of 46.60% derived from the block already in production at the SEI. The increase in cost of revenues is mainly due to the production activity of natural gas lifting from Bangkanai PSC and Sanga-sanga PSC which has been fully operational in 2017, and Muara Bakau PSC has entering the production stage in 2017. In addition, there is an increase in depletion in the resulting Muriah PSC decline in reserve estimates in the block by 2017.

Expense	2017		2016		Δ	
	Million USD	%	Million USD	%	Million USD	%
Production and lifting expenses	184.38	41.50	120.62	39.80	63.76	52.86
Depreciation, Depletion and Amortization	259.39	58.50	182.08	60.20	77.31	42.46
<b>Total</b>	<b>443.77</b>	<b>100.00</b>	<b>302.70</b>	<b>100.05</b>	<b>141.07</b>	<b>46.60</b>

The cost of revenues of LNG amounting to USD85.72 million comes from the FSRU lease, depreciation expense, the purchase of LNG as well as the LNG regasification process expenses. The decrease in the cost of revenues is mainly due to reduced cargo in 2017.

Expense	2017		2016		Δ	
	Million USD	%	Million USD	%	Million USD	%
Purchase and LNG regasification process	85.72	100.00	192.02	100.00	(106.30)	(55.36)
<b>Total</b>	<b>85.72</b>	<b>100.00</b>	<b>192.02</b>	<b>100.00</b>	<b>(106.30)</b>	<b>(55.36)</b>

In 2017, there is a cost of revenues construction paid by PGASSOL to contractors for construction activities of Jargas Migas and ENI that did not exist in 2016. In addition there is also a cost of revenue office support services in the lease Chiller through PERMATA.

Expense	2017		2016		Δ	
	Million USD	%	Million USD	%	Million USD	%
Others	18.32	100.00	-	0.00	18.32	-
<b>Total</b>	<b>18.32</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>18.32</b>	<b>-</b>



## GROSS PROFIT

In 2017, PGN's gross profit is decreased by 10.11% to USD797.23 million from USD886.94 million in 2016. The decline for USD89.71 million was caused by decreased revenue distribution business mainly by the cessation of gas usage by PT PLN Muara Tawar and decrease usage of Krakatau Daya Daya throughout 2017.

Meanwhile there are partial increase in partial cost of revenues caused by increased production costs oil and gas mainly due to increased depletion at Muriah PSC due to the downturn in estimates reserve blocks in 2017.

## DISTRIBUTION AND TRANSMISSION EXPENSES

In 2017, Distribution and Transmission Expenses is increase of 7.60% to USD237.15 million compared to 2016 for USD220.40 million. This is especially so due to an increase in depreciation expense amounting to USD51.87 million, decreased repair and maintenance expense of USD8.60 million, decrease in general service expenses by USD8.66 million, and a decrease in salaries and employees welfare expenses amounted to USD7.91 million. Increase in depreciation expense is caused by the reclassification of Construction in Progress Asset to Fixed Asset.

## GENERAL AND ADMINISTRATIVE EXPENSES

In 2017, General and Administrative Expenses decreased by 13.46% to USD202.51 million compared to 2016 amounted to USD234.00 million. This is mainly due to decrease in salaries and employee welfare USD19.45 million and decrease of allowance for impairment losses expense amounting to USD11.04 million.

## OTHER INCOME

In 2017, other income is decrease by 40.65% to USD36.87 million from USD62.13 million in 2016. This decrease mainly due to the recognition that lower than in 2016.

## OTHER EXPENSES

In 2017, other expenses are increase of 85.08% to USD24.46 million from USD13.22 million in 2016. This increase mainly due to the accelerated cost of production to GDF Suez through the SEI Subsidiary.

## IMPAIRMENT REVERSAL OF OIL AND GAS PROPERTIES

In 2017, there is an impairment reversal of oil and gas properties from Ujung Pangkah PSC of USD32.17 million and Fasken (Texas) amounting to USD11.07 million. In addition there is impairment of oil and gas properties at Muriah PSC amounting to USD36.23 million in 2017. Thus reversal of impairment of oil and property gas contributes positively to profit in 2017 of USD7.03 million, inversely proportional to 2016 where the account contributes negatively to the earnings of USD37.20 million. Impairment and impairment reversal is related to reserve estimation oil and gas and changes in oil prices globally since the end of 2015 and has risen again in mid-2017. The oil and gas property consists of exploration assets and evaluation and property of oil and gas.

At the end of each reporting period / year, companies 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.

### OPERATING PROFIT

In 2017, PGN booked operating profit amounting to USD377.02 million which decreased 15.13% compared to the year 2016 amounted to USD444.24 million. The decline was mainly due to the decline gross profit as a result of cessation gas usage by PT PLN Muara Tawar, decreased usage of Krakatau Daya, and

increase in oil production costs and gas, as well as an increase in depreciation of gas pipeline of reclassified assets of Construction In Progress Asset to Fixed Asset along in 2017. In addition to these declines, there is also an increase in return on reversal decline in value of oil and gas properties, decrease in salary and employee welfare, and decrease of allowance for impairment losses accounts receivable throughout 2017.

### FINANCE INCOME

In 2017, finance income decreased by 2.94% to USD17.31 million from USD17.84 million in 2016. This is mainly due to a decrease in receivables carry interest by SEI of USD1.49 million and an increase in interest on current accounts USD0.52 million as well as an increase in deposit interest of USD0.41million. Interest rates on deposits for the year 2017 amounted to 5.00% - 5.75% for deposits Rupiah and 0.50% - 1.06% for Dollar United States of America deposits.

### FINANCE COST

In 2017, Finance Cost amounted to USD147.18 million from USD132.40 million in 2016 or increased of 11.16% mainly due to the increased recognition of interest expense on bonds amounting to USD18.39 million for the issuance of bonds through the SEI in mid 2017. In early 2017, PGN and SEI pay off most of his syndicated loan so the interest on bank loans is experiencing decreased 12.88% to USD26.74 million from amounting to USD30.69 million in 2016.

### LOSS ON FOREIGN EXCHANGE-NET

In 2017, there is a foreign exchange-net loss of Rp USD7.40 million, an increase of 44.62% when compared with a net loss of 2016 of USD5.12 million. The position of United States Dollar against The Japanese Yen at December 31, 2016 is JPY116.42 / USD rose to JPY112.64 / USD at December 31, 2017 and the position of the United States Dollar against The Rupiah at December 31, 2016 is Rp13,436 / USD weakened to Rp13.548 / USD at December 31, 2017.

## LOSS ON CHANGE IN FAIR VALUE OF DERIVATIVES-NET

In 2017, there is a loss on change the fair value of derivatives-net amounted to USD2.66 million while in 2016 the loss of value changes net worth of derivatives of USD4.53 million. With this derivative financial instrument, PGN undertakes hedging the change in fair value of the liability of the USD / JPY exchange rate fluctuation risk in respect of with long-term loans in the currency Japanese yen obtained from JBIC.

## SHARE IN PROFIT OF THE JOINT VENTURES

The share of profits of the joint ventures consists of share of TGI, NR and SEI earnings through investments in Sanga Sanga. By 2017, there is a decline share of the profits of the associate and joint venture together to be USD38.46 million obtained from TGI of USD26.07 million, NR amounting to USD19.57 million and loss on investment Sanga-sanga in SEI for USD7.18 million. Decrease total share of profits from joint venture of 33.36% mainly due to absence profits from acquisitions such as those in years 2016 on the acquisition of Sanga-sanga through SEI.

## PROFIT BEFORE INCOME TAX EXPENSE

In 2017, Profit Before Income Tax Expense decreased by 28.43% to USD275.55 million from USD384.99 million in 2016. Decrease primarily due to lower operating profit as well as an increased financial cost on the issuance bonds through the SEI and decreased share of profits from joint venture.

## TAX EXPENSE-NET

In 2017, the tax expense-net increased by 67.23% to USD127.77 million from USD76.40 million in 2016. Current taxes in 2017 decreased by 23.32% to USD74.60 million from USD97.28 million in 2016 in line with the decline in profits before taxes. However, deferred tax itself has increased to be a deferred tax expense of USD53.17 million of deferred income tax of USD20.88

million in 2016. Significant increase in deferred tax expense is due to the difference of recognition Unrecoverable Cost and fixed asset value between accounting and fiscal books in the SEI.

## OTHER COMPREHENSIVE INCOME AFTER TAX

Presentation of other comprehensive income after taxes appear after the entry into force of PSAK No.1 (Revised 2009) on Presentation of Financial Statements effective January 1, 2011. On the 1<sup>st</sup> January 2016, the applicable PSAK No.1 (Revised 2013) concerning Presentation of Financial Statements. This revised PSAK divides presentation of groups of items in Earnings Other Comprehensive to be reclassified to profit and loss are presented separately from those items that are not will be reclassified to profit and loss. Other Comprehensive Income After Taxes consist of:

1. Available for sale  
In 2017, from other comprehensive income other after taxes on available for sale assets, PGN earned a profit of USD1.83 million, decreased from 2016 which amounted to USD3.92 million. This is an increase in the unrealized value of changes in the fair value of available assets for on sale.
2. Differences Arising from Translation of Financial Statement  
In 2017, the gain on foreign exchange due the translation of the Subsidiary's financial statements of USD2.46 million, increase from 2016 amounting to USD0.89 million. This is caused by the weakening of the United States Dollar exchange rate against Rupiah.
3. Actuary-Net Gain (loss)  
In 2017, the net actuarial loss is amounting to USD5.82 million while in 2016 represents an actuarial gain of USD1.86. Other Comprehensive Income After Taxes from actuarial loss is the result of calculation actuaries on employee benefits.

### PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY

In 2017, PGN generates profit for the year attributable to owners of the parent entity of USD143.15 million, decreased amounting to 52.96% compared to 2016 amounting to USD304.32 million. This decline is mainly caused by a decrease in business income distribution mainly by had cessation gas usage by PT PLN Muara Tawar and the decline in Krakatau's usage throughout 2017. Meanwhile there is an increase in the Cost of Revenue which is largely due to the increase oil and gas production costs caused by the increased of depletion in Muriah PSC that caused by the decreased in reserve estimates of the block in 2017. In the current year there are also an increase in the depreciation of gas pipeline that have been reclassified from Construction In Progress Asset to Fixed Asset along in 2017 as well as impairment reversal of oil and gas properties. On the tax expense, there is a significant increase in expenses deferred taxes due to existence difference recognition Unrecoverable Cost and value fixed assets between accounting and fiscal books in the SEI.

### PROFIT FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

In 2017, current year profit for the year attributable to non-controlling interests amounting to USD4.64 million while in 2016 amounting USD4.26 million.

The increase in the share of profits is primarily due to the increase in the proportion of ownership BNBR in Kalimantan-Java Gas owned entity PGN through the PERMATA.

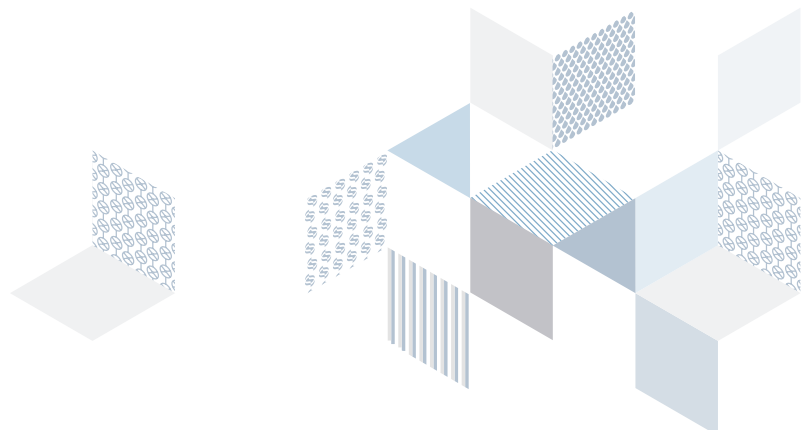
### TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY

In 2017, PGN generates total comprehensive income for the year attributable to owners of the parent entity amounting to USD141.70 million, decreased by 54.39% compared with in 2016 amounting to USD310.67 million. This decrease mainly due to the actuarial loss-net in 2017 which is inversely proportional to net actuarial gain in 2016.

RATIO OF PROFITABILITY			
Description	2017	2016	Δ
Margin of Net Profit (%)	4.84	10.37	(5.53)
Return on Assets (%)	13.2	11.81	1.38
Return on Equity (%)	4.72	10.62	(5.89)

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

Total comprehensive income for the year attributable to non-controlling interests in 2017 of USD4.56 million compared with USD4.58 million in 2016.



## ASSET

In 2017, Total Assets of PGN amounted to USD6.29 billion consisting of 28.73% Current Assets and 71.27% Non-Current Assets. Total Asset Value is decreased 7.92% compared to 2016 of USD6.83 billion. Decrease in assets are primarily derived from decreases in Cash and Cash Equivalents of USD247.96 million, decreases in Fixed Assets amounting USD122.22 million, and a decrease in Property of Oil and Gas by USD113.75 million.

ASSET						
Description	2017		2016		Δ	
	Million USD	(%)	Million USD	(%)	Million USD	(%)
Current Assets	1,808.05	28.73	2,124.67	31.09	(316.62)	(14.90)
Non-Current Assets	4,485.08	71.27	4,709.48	68.91	(224.40)	(4.76)
<b>Total</b>	<b>6,293.13</b>	<b>100</b>	<b>6,834.15</b>	<b>100</b>	<b>(541.02)</b>	<b>(7.9)</b>

## Current Assets

Current Assets of PGN decreased by 14.90% from USD2.12 billion in 2016 to USD1.81 billion in 2017. This is mainly due to the decrease in Cash and Cash Equivalents, Other Receivables and Advances.

CURRENT ASSETS						
Description	2017		2016		Δ	
	Million USD	(%)	Million USD	(%)	Million USD	(%)
Cash and cash equivalents	1,056.08	58.41	1,304.04	61.38	(247.96)	(19.01)
Short-term Investments	70.66	3.91	68.83	3.24	1.83	2.66
Trade receivables	339.66	18.79	321.16	15.12	18.50	5.76
Other receivables	189.64	10.49	234.04	11.02	(44.40)	(18.97)
Stock	60.82	3.36	65.29	3.07	(4.47)	(6.85)
Advances Maturity In Time One Year	66.75	3.69	97.03	4.57	(30.28)	(31.21)
Prepaid Expenses	24.43	1.35	34.26	1.60	(9.83)	(28.69)
<b>Total</b>	<b>1,808.04</b>	<b>100</b>	<b>2,124.65</b>	<b>100</b>	<b>(316.61)</b>	<b>(14.9)</b>

## The Composition Of Cash Equivalent

THE COMPOSITION OF CASH AND CASH EQUIVALENTS					
Description	2017		2016		Δ
	Million USD	(%)	Million USD	(%)	
Cash	100	0.26	100	0.08	0.18
Bank:					
Rupiah	9.13	62.17	9.20	87.65	(25.48)
USD	90.37	615.56	90.30	860.10	(244.54)
YEN	0.48	3.29	0.40	3.80	(0.51)
SGD	0.02	0.15	0.10	0.76	(0.61)
Total Bank	100.00	681.17	100.00	952.31	(271.14)
Total Cash and Bank	66.00	681.43	73.00	952.39	(270.96)
Deposit:					
Rupiah	14.61	50.38	13.30	46.65	3.73
USD	85.39	294.52	86.70	305.00	(10.48)
Total Deposit	34.00	344.90	27.00	351.65	(6.75)
<b>Total Cash and Cash Equivalent</b>	<b>100.00</b>	<b>1,026.33</b>	<b>100.00</b>	<b>1,304.04</b>	<b>(277.71)</b>

## The Composition Of Cash Equivalent

THE COMPOSITION OF CASH AND CASH EQUIVALENTS					
Description	2017		2016		Δ
	Million USD	(%)	Million USD	(%)	
Rupiah	112.81	10.99	134.38	10.30	(21.57)
USD	910.08	88.67	1,165.10	89.30	(255.02)
YEN	3.29	0.32	3.80	0.30	(0.51)
SGD	0.15	0.02	0.76	0.10	(0.61)
<b>Total</b>	<b>1,026.33</b>	<b>100.00</b>	<b>1,304.04</b>	<b>100.00</b>	<b>(277.71)</b>

In 2017, the Cash and Cash Equivalents position amounted to USD1.02 billion from USD1.30 billion in 2016 or decreased 21.30%. The balance is affected primarily due to the receipt of operational activities, investment activities especially in the upstream sector and the repayment of syndicated loans by PGN and SEI of USD50 million in March 2017, amounting to USD536.25 million in April 2017, amounting to USD475 million on June 2017, and USD50 million in July 2017. In 2017, the position of Cash and Cash Equivalents becomes equal USD1.06 billion from USD1.30 billion in 2016 or down 19.01%. The balance is primarily affected caused by the receipt of operational activities, investment activities especially in the upstream sector and the repayment of syndicated loans by PGN and the SEI amounting to USD50 million in March 2017, amounting to USD536.25 million in April 2017, amounting to USD475 million in June 2017, and USD50 million in July 2017.

The composition of Cash and Cash Equivalents consists of Cash and Bank amounting to USD681.43 million and USD344.90 million Equivalent Cash in the form of unrestricted Time Deposits, and Cash and Bank amounting to USD29.75 millions of restricted cash. with 8.78% composition in Rupiah, 90.74% in USD, 0.46% in Yen, and 0.02% in SGD. Cash Equivalents in the form of time deposits are placed in several banks domestic and foreign where 85.39% denominated USD and 14.61% denominated in Rupiah. Average interest rate the USD deposit amounted to 0.50% - 1.06% and the Rupiah deposits amounted to 5.00% - 5.75%.

### Short Term Investments

In 2017, the short-term investment value of USD70.66 million increased by 2.66% compared to 2016 of USD68.83 million. The increase is due to changes in the fair value of the instrument short-term investments.

SHORT TERM INVESTMENTS				
Description	2017		2017	2016
	Million Rupiah	Million USD	Million USD	Million USD
Pertamina	-	45.54	45.54	45.54
Antam	25,000.00	-	1.85	1.86
Perum Pegadaian	20,000.00	-	1.48	1.49
SBSN	-	4	4	4
INDON	-	9.88	9.88	9.88
Indonesian Export Financing Agency	50,000.00	-	3.69	3.72
Sub Total	-	-	66.49	66.49
Changes in Fair Value and Discounts	-	-	4.22	2.35
<b>Total</b>	<b>95,000.00</b>	<b>59.42</b>	<b>70.73</b>	<b>68.83</b>

### Trade Receivables

In 2017, Current Accounts Receivable-Net of USD339.66 million increased by 5.76% from USD321.16 million in 2016. The increase was mainly due to the decrease of gas distribution receivables amounting to USD14.60 million and an increase in oil and gas receivables amounting to USD26.28 million. Accounts Receivable-Net Composition in this year consists of 71.22% of gas distribution activities, 0.81% of gas transmission, 18.67% of oil and gas, 7.70% of lease (financial lease) and 1.60% of fiber optic leases and others. While the amount of Accounts Receivable-Net in USD currency for distribution, transmission, oil and gas activities, lease and lease of optical fiber respectively amounting to USD214.13 million; USD7.91 million; USD86.23 million; USD29.63 million and USD1.76 million. PGN booked USD37.12 million as allowance for impairment losses. This allowance to cover the possibilities loss on uncollectible accounts receivable. The allowance for impairment losses increased 12.30% from USD33.05 million in 2016

### Other Receivables

Other Receivables decreased by 18.97% from USD234.04 million in 2016 to USD189.64 million in 2017. The decrease was mainly due to the decrease of oil and gas joint operation accounts for USD72.78 million. In the other side and there is a decrease of Hoegh LNG receivables amounting to USD1.15 million.

### Current Maturity of Advances

Current Maturity of Advances dropped by 31.21% from USD97.03 million in 2016 to USD66.75 million in 2017. It is mainly a result of take-or-pay advance payment reclassification in 2017 by Pertamina at USD25.87 million, Sadikun at USD0.19 million and Walinusa at USD0.14 million.

### Non Currency Asset

Non-current assets declined by 4.76% from USD4.71 billion in 2016 to USD4.49 billion in 2017. The decline was mainly caused by a decrease in the fixed assets by USD122.22 million, decrease in oil and gas properties by USD113.75 million, and decrease in investment value on joint venture by USD41.04 million. On the other hand, there was an increase in the estimated income tax invoice by USD51.55 million.

COMPOSITION OF NON-CURRENT ASSETS						
Description	2017		2016		Δ	
	Million USD	(%)	Million USD	(%)	Million USD	(%)
Advances - Net Of Current Maturities In One Year	41.91	0.93	60.51	1.28	(18.60)	(30.74)
Trade Receivables	209.11	4.66	222.64	4.73	(13.53)	(6.08)
Deferred Tax Assets	63.27	1.41	77.05	1.54	(13.78)	(17.88)
Prepaid expenses, non-current portion	13.64	0.30	-			
Other Long-Term Receivables	227.95	5.08	228.01	4.81	(0.07)	(0.03)
Investments in Shares	386.40	8.62	427.44	9.12	(41.04)	(9.60)
Fixed Assets	1,706.41	38.05	1,828.63	38.91	(122.22)	(6.68)
Exploration and Evaluation Assets	76.78	1.71	52.59	1.12	24.19	45.98
Oil and Gas Property	1,594.91	35.56	1,708.67	36.20	(113.75)	(6.66)
Estimates of Tax Collection	155.15	3.46	94.27	1.98	60.89	64.59
Goodwill and Other Intangible Assets	4.24	0.09	4.63	0.17	(0.39)	(8.46)
Others	5.31	0.12	5.04	0.13	0.26	5.22
<b>Total</b>	<b>4,485.08</b>	<b>100.00</b>	<b>4,709.48</b>	<b>100.00</b>	<b>(224.40)</b>	<b>(4.76)</b>

### Trade Receivables (Long Term)

In 2017, the acknowledgment for lease receivable at USD208.91 million is a lease receivable regarding KJG's transmission activities that met financial lease criteria according to PSAK No. 30 on Lease.



**Other Long Term Receivables**

In 2017, long-term other receivables declined by USD0.07 million primarily due to a decreased receivable from KUFPEC on FTP bill from 2007 to 2011.

**Investments in Shares of Stock**

Investments in shares of stock is investment and claim of earnings of association and joint venture entities, namely PT Nusantara Regas (NR), PT Transportasi Gas Indonesia (TGI), and Unimar through a subsidiary, SEI, where all investments of the Company reflect ownership percentage at 40% for NR, 59.87% for TGI, and 11.25% for Unimar. The amount of participation in Joint Ventures declined by 9.60% from USD427.44 million to USD386.40 million as a result of the dividend payment to the mentioned three entities and no stock acquisition in 2017 compared to 2016 when SEI invested in Sanga Sanga.

**Fixed Assets**

Fixed Assets saw a decline by 6.68% from USD1.83 billion in 2016 to USD1.71 billion in 2017. This decline was due to an increase in depreciation expense on assets of gas pipeline that have been making their output from On-progress Assets to Fixed Assets.

**Exploration and Evaluation Assets**

Exploration and Evaluation Assets saw an increase by 45.98% from USD52.59 million in 2016 to USD76.78 million in 2017. This increase came from investment amounted to USD23.08 million in South Sesulu.

**Oil and Gas Properties**

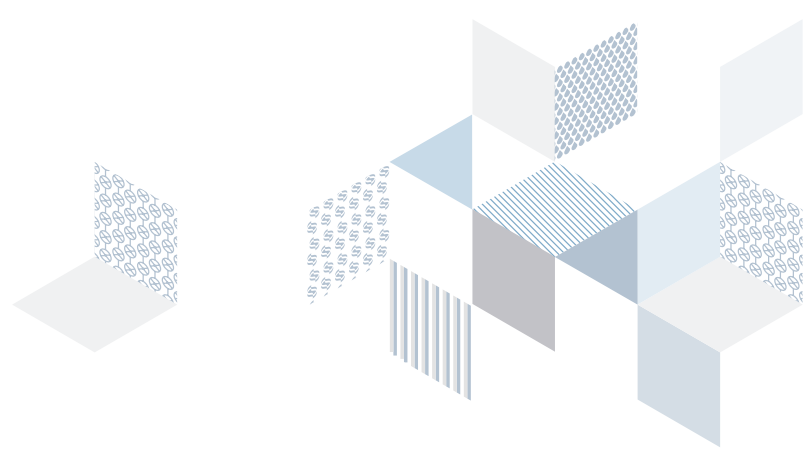
Oil and Gas Properties dropped by 6.66% from USD1.71 billion in 2016 to USD1.59 billion in 2017. This increase primarily came from addition in oil and gas properties assets regarding investment in the upstream sector through SEI at USD74.70 million in Muara Bakau PSC, USD26.21 million in Fasken (Texas), and USD20.34 million in Ujung Pangkah. On the other hand, there was addition in accumulated depreciation, depletion, and amortization amounted to USD259.39 million and reduction in the reserved fund for impairment loss on impairment reversal at USD7.03 in 2017.

**Estimated Tax Bill**

The Company's estimated tax bill rose by 64.59% from USD94.27 million to USD155.15 million due to Income Tax Article 29 overpayment acknowledgment in 2017 at USD43.84, an increase in Value Added Tax (VAT) overpayment acknowledgment to USD19.75 million from USD11.90 million in 2016, and an increase in Income Tax Article 23 overpayment acknowledgment to USD10.63 million from USD0.12 million in 2016.

**Goodwill and Other Intangible Assets**

Goodwill and intangible assets recognition are decreased amounting to 8.46% from USD4.63 million to USD4.24 million. This decrease is mainly due to addition of amortization license on software in 2017.



## LIABILITIES

By the end of 2017, PGN booked Total Liabilities of USD3.11 billion comprising of 15.02% Short-term Liabilities and 84.98% Long-Term Liabilities. The total value dropped by USD557.74 million or 15.22% from USD3.66 billion by the end of 2016 mainly due to syndicated loan repayment in the amount of USD536.25 million and USD475 million through SEI. Additionally, in 2017 SEI also completed short-term loan repayment at USD100 million.

### Composition of Short-Term Liabilities

THE COMPOSITION OF SHORT-TERM LIABILITY						
Description	2017		2016		Δ	
	Million USD	(%)	Million USD	(%)	Million USD	(%)
Trade Payables	95.18	20.40	111.76	13.71	(16.58)	(14.83)
Short-Term Bank Loans	-	-	100.00	12.26	(100.00)	(100.00)
Accrued Liabilities	192.01	41.15	231.20	28.35	(39.19)	(16.95)
Short-term employee benefits liabilities	30.46	6.53	51.33	6.29	(20.87)	(40.66)
Other Payables	94.49	20.25	107.41	13.17	(12.91)	(12.02)
Tax Payables	31.66	6.78	42.69	5.24	(11.03)	(25.84)
Short-term portion of long-term bank loans	22.86	4.90	170.99	20.97	(148.13)	(86.63)
<b>Total</b>	<b>466.66</b>	<b>100.00</b>	<b>815.37</b>	<b>100.00</b>	<b>(348.71)</b>	<b>(42.77)</b>

Short-Term Liabilities dropped by 42.77% from USD815.37 million in 2016 to USD466.66 million in 2017. It was a result of short-term loan repayment completed by SEI in 2016 at USD100 million and a decrease in short-term portion of the long-term loan from bank on repayment of PGN and SEI's syndicated loan. There was also a decrease in liabilities payable in 2017 by USD39.19 million and short-term employee benefit liabilities by USD20.87 million.

### Accounts Payables

Accounts payable decreased by 14.83% from USD111.76 million in 2016 to USD95.18 million in 2017 owing to the decreased volume of gas purchase related to decreased volume of gas sales that was mainly caused by the temporary halt on gas consumption by PT PLN's customer, Muara Tawar, and decreased consumption by Krakatau Daya Listrik as a customer during 2017.

### Short-Term Bank Loan

During 2017, SEI completed short-term loan repayment in a total of USD100 million, of which USD50 million paid to SMBC in March 2017 and USD50 million paid to DBS in July 2017.

### Accrued Liabilities

Accrued Liabilities decreased by 16.95% from USD231.20 million in 2016 to USD192.01 in 2017 due to a drop in debt to contractors for development projects by USD32.58 million and a drop in liabilities on oil and gas activities by USD6.93 million.

## Other Payables

Other Payables declined by 12.02% from USD107.41 million in 2016 to USD94.49 million in 2017 primarily as a result of decreased liabilities to contractors and big suppliers by USD32.29 million.

## Composition of Long-Term Liabilities

THE COMPOSITION OF LONG-TERM LIABILITIES						
Description	2017		2016		Δ	
	Million USD	(%)	Million USD	(%)	Million USD	(%)
Deferred Tax Liabilities	123.53	4.68	84.65	2.97	38.88	45.94
Derivative Payable	5.08	0.19	8.83	0.31	(3.75)	(42.42)
Long-term bank loans	413.73	15.67	1,296.32	45.51	(882.58)	(68.08)
Bond Payables	1,955.93	74.10	1,335.34	46.88	620.58	46.47
Asset abandonment and site restoration obligations	30.72	1.16	26.31	0.92	4.41	16.78
Post-employment benefits obligation	107.99	4.09	94.37	3.31	13.62	14.43
Other Payable	-	-	-	-	0.00	0.00
Unearned income	2.58	0.10	2.77	0.10	(0.20)	(7.23)
<b>Total</b>	<b>2,639.56</b>	<b>100.00</b>	<b>2,848.59</b>	<b>100.00</b>	<b>(209.04)</b>	<b>(7.34)</b>

Long-Term Liabilities saw a decline by USD209.03 million or 7.34% from USD2.85 billion in 2016 to USD2.64 billion in 2017 primarily due to syndicated loan repayment amounted to USD1.01 billion. In addition to that, SEI also issued global bonds in the amount of USD625 million in May 2017.

## Deferred Tax Liabilities

Deferred tax liabilities increased 45.94% from USD84.65 million in 2016 to USD123.53 million on in 2017. This is mainly due to transactions on acquisitions made by SEI. Deferred tax arise due to differences in recognition of Unrecoverable Cost and fixed asset value between bookkeeping accounting and fiscal assets in the SEI.

## Long Term Loans

In 2017, Long Term Loans fell 68.08% primarily due to loan repayment syndication of PGN and SEI amounting to USD1.01 billion, which consists of the portion of short-term bank loans and long-term bank loans.

## Bonds Payables

On May 12, 2014, PGN issued Senior Unsecured Fixed Rate Notes amounted to USD1.35 billion due on May 16, 2024 with 99.037% issuance price. This bond is registered at Singapore Stock Exchange, cannot be cancelled and is unconditionally guaranteed by the Government. The obtained net fund was USD1.33 billion and was used for capital expenditure, additional working capital, and other general goals of the Company. In May 2017, SEI issued Senior Unsecured Fixed Rate Notes equivalent to USD625 million due on May 5, 2024 with 100% issuance price. This bond is registered at Singapore Stock Exchange while the fund was used for syndicated loan repayment, capital expenditure and acquisitions, additional working capital and other general needs.

## Liabilities of Asset Abandonment and Site Restoration Obligations

In 2017, Liabilities of Asset abandonment and site restoration obligations rose by 16.78% from USD26.31 million in 2016 to USD30.72 million especially due to a gap in exchange rate. These liabilities were the current cost estimation for Asset abandonment and site restoration obligations of the abandoned area.

## EQUITY

EQUITY						
Description	2017		2016		Δ	
	Million USD	(%)	Million USD	(%)	Million USD	(%)
Share Capital	344.02	10.79	344.02	10.85	0.00	0.00
Treasury Shares	0.00	0.00	0.00	0.00	0.00	0.00
Other Paid-In Capital	284.34	8.92	284.34	8.97	0.00	0.00
Retain Earning	2,571.00	80.68	2,564.57	80.90	6.43	0.25
Other Components of Equity	(31.21)	(0.98)	(29.77)	(0.94)	(1.44)	4.82
Non-Controlling Interests	18.76	0.59	7.02	0.22	11.74	167.32
<b>Total</b>	<b>3,186.91</b>	<b>100.00</b>	<b>3,170.18</b>	<b>100.00</b>	<b>16.73</b>	<b>0.53</b>

Equity rose by 0.53% from USD3.17 billion in 2016 to USD3.19 billion in 2017, mostly due to accumulated retained earnings as a result of Profit achievement distributable to Parent Owners in the current year and reclassification of retained earnings reservation. Other equity components include actuarial profit and loss, exchange rate gaps due to Subsidiaries' financial statement translation and fair value on available financial assets for sale.

## CASH FLOW

CASH FLOW		
Description	2017 Million USD	2016 Million USD
Cash flow from Operating activity	577.90	655.55
Cash flow from Investing activity	(189.38)	(500.53)
Cash flow from Financing activity	(647.86)	5.39
Foreign Exchange Impact	(18.38)	8.13
Net (Decrease)/Increase in Cash and Cash Equivalents	(277.72)	168.54
Cash and Cash Equivalents At Beginning of the Year	1,304.04	1,135.50
Cash and Cash Equivalents At End of the Year	1,026.32	1,304.04

Cash and cash equivalent saw a decline by 19.01% from USD1.30 billion in 2016 to USD1.06 billion in 2017. The cash balance was affected by earnings from operational activities, investments particularly in upstream sector and syndicated loan repayment by PGN and SEI at USD50 million in March 2017, USD536.25 million in April 2017, USD475 million in June 2017, and USD50 million in June 2017.

### Cash Flows from Operating Activities

Cash flow from operating activities dropped by 11.84% from USD655.55 million in 2016 to USD577.90 million in 2017, mainly due to increased payment to suppliers that was parallel to 2017 cost of revenue. Additionally, there were also a decrease in payment for expenses and other operational activities, an increase in cash revenue from customers, and a rise in tax payment on SKPKB.

### Cash Flows from Investing Activities

Cash flow from investing rose by 62.16% from negative cash flow of USD500.53 million in 2016 to positive cash flow of USD189.38 million in 2017.

It was mainly a result of no added portion in the oil and gas cooperation compared to that of 2016 when subsidiaries had a portion from Sanga-sanga block. There was also a decrease in cash disbursement on addition in fixed assets and oil and gas properties due to both lower additions in the fixed assets and lower Cash Call in 2017.

### Cash Flows from Financing Activities

Negative cash flow from financing activities was at USD647.86 million in 2017, dropping from positive cash flow of funding activities in 2016 at USD5.39 million. This is due to syndicated loan repayment by the Company and SEI at USD1.01 billion and short-term bank loan repayment by SEI at USD100 million in 2017. There was also cash addition on global bonds issuance to SEI at USD625 million. The year of 2017 did not see sales of treasury share compared to that of 2016.

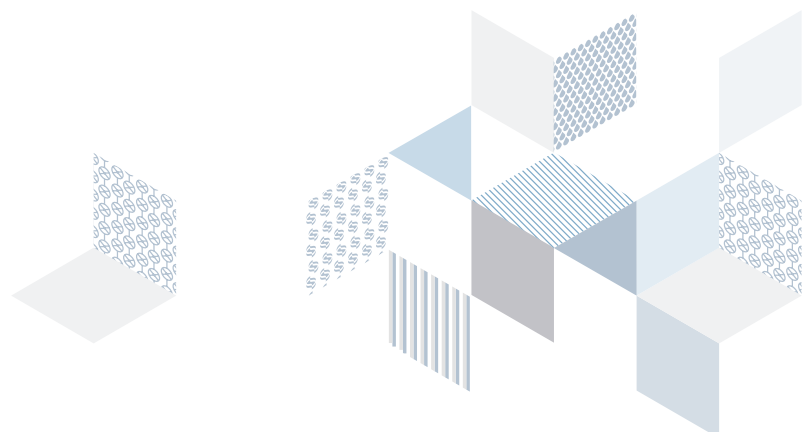
## DEBT SERVICE RATIO

As of December 31, 2017, debt to equity ratio decreased from 0.92 in 2016 to 0.75 in 2017, and debt service coverage ratio has decreased from 3.18 in 2016 to 0.59 in 2017. This is as a result of corporate action is the repayment of syndicated loans amounting to USD1.01 billion and short-term loans of USD100 million by the SEI. However as a whole the ability to pay the debt PGN is relatively stable.

Ratio	2017	2016
Debt to equality ratio (x)	75.07	91.56
Net debt /EBITDA (x)	1.56	1.89
EBITDA/ Interest expense (x)	10.77	6.10
EBITDA/ Interest expense + principal (x)	0.59	3.18

## COLLECTIBILITY OF RECEIVABLES

Up until the end of 2017, PGN was capable of collecting receivables on a consolidated basis in 42 days of collection period. This calculation was obtained from a division of receivables balance as per December 31, 2017 and net income during 2017, multiplied by the number of days in 2017 (365 days). The expanded collection period was influenced by increased accounts receivable from Migas block owned through SEI as per the end of 2017. Collection period for Distribution business was 32 days, which shows that PGN continues to effectively manage bills to distribution customers. With this guarantee, should the customers are not able to settle their debt, PGN is able to withdraw the guarantee to have the receivables repaid.



## CAPITAL STRUCTURE

In 2017, PGN capital structure was as follows:

CAPITAL STRUCTURE						
Description	2017		2016		Δ	
	Million USD	(%)	Million USD	(%)	Million USD	(%)
Total Short Term Loans	-	-	100.00	1.6	(1,030.71)	(70.25)
Total Long Term Loans	436.59	7.82	1,467.30	24.20	(1,030.71)	(70.25)
Maturity within one year	22.86	0.41	170.99	2.86	(148.13)	(86.63)
Long Term	413.73	7.42	1,296.32	21.3	(882.58)	(68.08)
Bond Payables	1,955.93	35.06	1,335.34	22.00	620.58	46.47
Equity	3,186.91	57.12	3,170.19	52.20	16.72	0.53
<b>Bond Payables</b>	<b>5,579.43</b>	<b>100.00</b>	<b>6,072.83</b>	<b>100.00</b>	<b>(393.41)</b>	<b>(6.59)</b>

In March 2017, SEI completed short-term bank loan repayment to PT SMBC Indonesia in the amount of USD50 million. In April 2017, the Company completed syndicated loan repayment of USD486.65 million for onshore portion and USD49.5 million for offshore portion. In June, SEI completed syndicated loan at USD475 million with Sumitomo Mitsui Banking Corporation, Singapore Branch as its agent. In July, SEI completed another repayment for short-term bank loan to PT Bank DBS Indonesia at USD50 million.

In May 2017, SEI issued Senior Unsecured Fixed Rate Notes equivalent to USD625 million due on May 5, 2024 with 100% issuance price. This bond is registered at Singapore Stock Exchange. The obtained fund was used for acquisitions, additional working capital, and other general needs.

### SEI'S SYNDICATED LOAN

During the year 2016, SEI to make improvements a loan of USD50 million in April 2016, amounting to USD50 million in June 2016, amounting to USD50 million in July 2016 and amounted to USD50 million on November 2016. This loan facility is used to finance investments and general goals others.

During 2017, the SEI has accelerated loan repayment of USD475 million. On November 2017, the SEI syndication agreement is amended so the facility becomes worth USD250 million. This agreement will expire in December 2020 with interest rate of LIBOR plus 1.43% for onshore and LIBOR plus 1.28% for offshore portion.

### 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

By the end of 2017, there is no material commitments related to capital investment in PGN.

## REALIZATION OF CAPITAL INVESTMENT

### 1. Type of Investment

In 2017, PGN invested capital goods as follow:

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

### 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. At the end of 2017 PGN through SEI acquired the Sanga Sanga gas field in order to increase the reserve replacement ratio and increase the revenue contribution of the oil and gas sector.

### 3. Investment Value

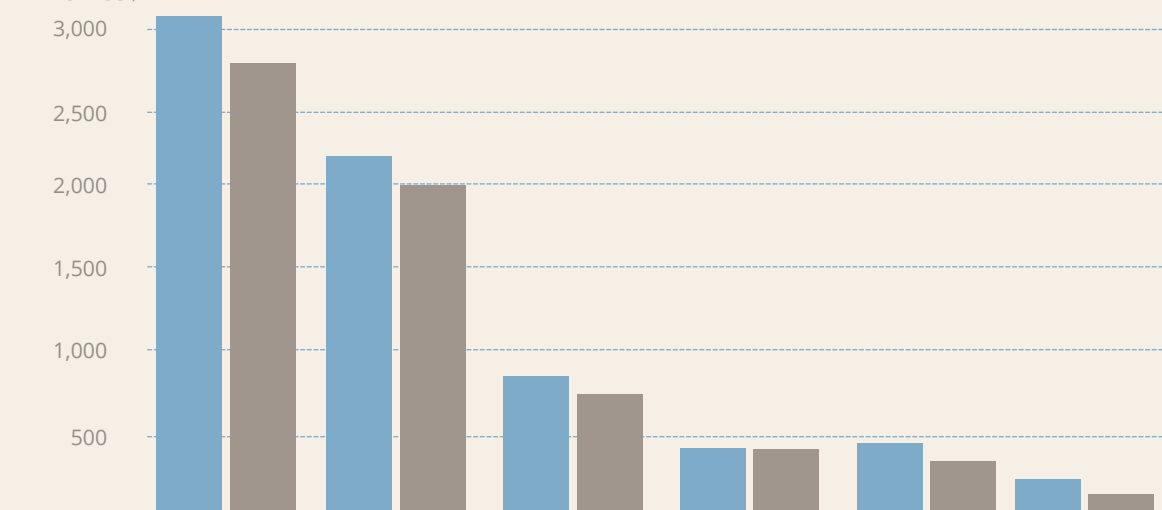
Description	Investment Value (million USD)
Construction of pipelines and supporting facilities, natural gas distribution:	
- Operating	10.02
- In Progress	68.29
Oil and gas field development	162.93

## TARGET ACHIEVEMENT IN 2017

In 2017, PGN set a target businesses adjusted to the global economic downturn. A summary of the achievement of performance targets in 2017 is as follows:

### SUMMARY OF PERFORMANCE TARGET ACHIEVEMENT IN 2017

MILLION US\$



	Revenues	Cost Of Revenues	Gross Profit	Operating Expenses	Operating Income	Net Income
<b>Budget (RKAP) 2017</b>	3,280.6	2,364.9	915.8	441.1	474.6	240.1
<b>Realization 2017</b>	2,969.6	2,172.4	797.2	439.7	377.0	143.1

Current Earning Period of 2017 of USD147.78 million or 60.7% of Target. PGN's Net Income in consolidated basis in 2016 amounted to USD2,969.59 million or 90.5% of Target. This is partly influenced by:

1. The volume of natural gas sales was not achieved, especially for power sector subscribers of PLN Muara Tawar which had stopped gas distribution since April 2017 until June 2017 because electricity demand in Java-Bali system has been fulfilled. For other manufacturing sectors, the decline in gas usage is caused, among other things, due to unoptimal market conditions, equipment efficiency, competition level with other natural gas trading entities and the low price of crude oil that affects petroleum derivative products (HSD and MFO).
2. Revenue from PT SEI in 2017 is USD472.86 Million or 95.2% from RKAP 2017.
3. The revenue of PT Kalimantan Jawa Gas did not reach RKAP due to the decrease of transportation volume caused by the natural decline in PCML wells, therefore since April 2017 the revenues did not reach RKAP 2017.

Consolidated PGN Cost of Revenue in 2017 reached the amount of USD2,172.4 million or 91.9% of RKAP 2017. The achievement of cost of revenue was not proportional to 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 block Muriah and the additional burden of purchase C3/C4 in Muara Bakau Block.

### TARGET ACHIEVEMENT IN 2018

The increase in global growth in 2018 was predicted by World Economic Outlook (WEO) as in April 2017 was expected to reach 3.6%, up slightly compared to 2017 of 3.5%. Developed economy in 2018 will grow at a relatively equal level to 2017. While the growth in developing countries reached 4.8% in 2018, raised from the estimated growth of 4.6% in 2017. The national economy of 2018 is not expected to rise significantly yet. The government remains committed to streamline state expenditure with a high priority of infrastructure development. Preparation for the 2018 Asian Games and 2019 presidential election is also expected to encourage consumption growth. Based on these conditions, household consumption

in 2018 is expected to grow by 5.1%. To achieve this, the Government will encourage the strengthening of investment performance of State-Owned Enterprises (BUMN) as well as private companies by optimizing various sources of investment financing derived from productive credit banking, capital market financing, increased direct investment i.e. Foreign Investment Domestic Investment (PMA-PMDN) and capital expenditure (capex) of SOEs. In addition, the Government has committed to set 35,000 Megawatts (MW) electricity supply until 2019. The requirement of 35,000 Megawatts has been confirmed in the National Development Medium Term Development Plan (RPJMN) 2015-2019.

Gas lifting in 2018 is estimated at 1.2 million barrels of oil equivalent per day. Influence on the increase will affect the growth of industries that still use gas fuel energy, so it will potentially make efficiency and substitute gas fuel to the use of a much more efficient with competitive prices. The Government encourages the creation of a competitive business environment in the management of the natural gas sector by stipulating new regulations and proposed revisions when they cannot be implemented either on a business scale or within a national scope.

According to the Financial Note and Draft Law (Bill) of the State Budget (APBN) for Fiscal Year 2018 the national average oil price (ICP) is set at US \$ 48 per barrel. Increasing energy demand in the context of global economic recovery is a factor affecting the oil price hike in 2018. Regulation will be the main focus related to the sustainability of the gas business.

Supported by the adequate policies and good energy spirits, PGN is committed and consistent in supporting government programs through infrastructure development and natural gas distribution in various regions of Indonesia to achieve a better and equitable welfare for all Indonesians.

The growth of the national economy in 2018 that has not experienced a significant increase and is expected to remain below the target has impacted the performance of the Company. This can be seen from some of the Company's customers, especially customers of the power generation sector and industries that make efficiency by switching to cheaper energy or switching



to gas fuel providers at a more efficient price. These conditions resulted in a decrease in usage volume and reduced demand for gas prices to remain efficient and maintain market competitiveness. On the other hand, the Government began to regulate the gas tariff which is currently through the ministerial decree no. 434 year 2017, the Government determines the amount of gas price in the upstream and the amount of natural gas distribution through transmission pipeline and distribution pipeline in Medan Area. While on the upstream business side, the realization of oil prices is still below expectations, which also influences the achievement of the Company's performance.

To improve the Company's performance beyond the gas business, the Company is committed to expand in telecommunication, construction & engineering, electricity and property through Subsidiaries and affiliates.

To support the achievement of the above performance the Company establishes Strategic Business Priorities consisting of 4 (four) business clusters which will be the framework and activities of all internal stakeholders of PGN Group to remain integrated and targeted for the achievement of the Company's targets according to the SBP:

1. Core Business Cluster

Distribution of natural gas in an effective and efficient manner: the appropriate gas supply needs based on mature design and planning (synergy with KEN, RUEN & RUED) based on data and analysis of domestic, regional and global energy conditions. Mechanism of synergy and integration and change of scheme of development of gas infrastructure based on regional development.

2. Core Business Support Cluster

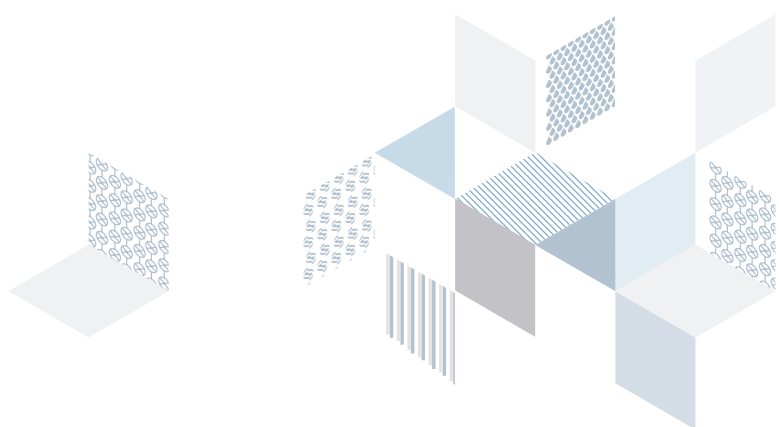
Improving the impacts and benefits of stakeholder management activities from its corporate philanthropy level to higher levels of risk management to value creation (shared value of the Company to stakeholders to support PGN's strategic position in its contribution to national energy sustainability and sovereignty).

3. The Cluster of Business Core Strengthening - Subsidiary Strategy

The role of our Subsidiaries is prioritized in strengthening our core business and providing efficient services to enhance our competitiveness. Enhance the role of work units and subsidiaries based on best practice roles/functions along the natural gas business chain (Shipper, Transporter, EPC - O&M, Support Services, etc.) functions. Creation Value-added and expanded scope of core business-based business (e.g. EPC - O&M not only downstream but also upstream or other pipelines, etc.).

4. Core Business Strengthening Cluster – Inorganic Growth Business Combination execution (merger, acquisition, conglomeration, and synergy) should add value in the core business strengthening, in line with the urgency and priority of the sector/ region (i.e.: priority in over-supply regions requires business combination for demand creation, etc.)

Implementation of PROCISE's company culture by all personnels of PGN has contributed to the execution of all initiatives set out to have better performance of the Company in the upcoming years.



## MATERIAL INFORMATION AFTER THE REPORTING YEAR

After the reporting date, there are no material events occurring in PGN and Subsidiaries or affiliates.

## BUSINESS PROSPECT

The uncertainty of the global situation has both direct and indirect impact on the national macroeconomic situation. Inadequately planned and executed infrastructure development programs can burden the state budget and risk increasing the debt to GDP ratio. Poor development management and equity can also reduce the level of national competitiveness. The impact will be systemic down and can affect the Company significantly, both in terms of market share, funding, exchange rate, investment, and innovation. It becomes a challenge for the company in the coming year

On the other hand, 2017 was assumed to be the starting point of the national economic revival, macroeconomic stability and equilibrium which begin to form amid global uncertainty. The macroeconomic fundamentals and government programs in the fields of taxation, infrastructure and deregulation formed begin to show results over the next few decades. This condition provides opportunities and chances for the Company to be able to increase its market share through organic, inorganic and external growth.

Under PP No.79 of 2014 on National Energy Policy, Indonesia's largest energy needs until 2030 are coal, renewable energy, and natural gas. The future policy on the national energy mix, puts natural gas as a stable energy with an ever-increasing volume compared to the composition of fuel oil. Until the year 2020, the percentage decrease of oil by 7% move to new renewable energy to 17%. As for gas, the percentage remains the same at 22% but it increases for gas volume.

The natural gas demand for the industrial sector has not increased significantly due to the slowing down of the global, regional and Indonesian economies. However, the Company's business opportunity in the field of natural gas utilization is still quite major. From the supply and demand side of natural gas, Indonesia still has abundant potential reserves. Demand for natural gas will continue to rise every year. Opportunities for the natural gas transportation business outweigh the opportunities for distribution business. Strategies that can be undertaken to capture the business opportunities of natural gas transportation is by approaching the industries that have gas allocations from the government as well as to prepare the natural gas transportation infrastructure to serve those needs.

## BUSINESS DEVELOPMENT

PGN has prepared several strategic steps to capture business opportunities and develop businesses throughout the natural gas business chain in Indonesia. PGN expects the Company's existence to focus not only on the midstream sector, namely the infrastructure and distribution of natural gas, but also throughout the natural gas business chain from upstream to downstream.

### 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.

**Power Plant**

Currently PGN has owned subsidiaries engaged in electricity field. The Company appoints Widar to become a provider of electric power and other electrical support services that play a role in maintaining and creating the PGN gas market as well as increasing the Company’s overall revenue. In accordance with the Company’s articles of association, Widar’s business activities include the provision of electricity and electricity supporting services.

Until the end of 2017 the operational areas related to power generation activities includes Lampung, Batam and Jakarta and it also includes the preparation stage of the project for Surabaya and Pulau Tanjung Balai Karimun. As for maintenance activities, it includes the activities in the West Java region.

**Compressed Natural Gas (CNG)**

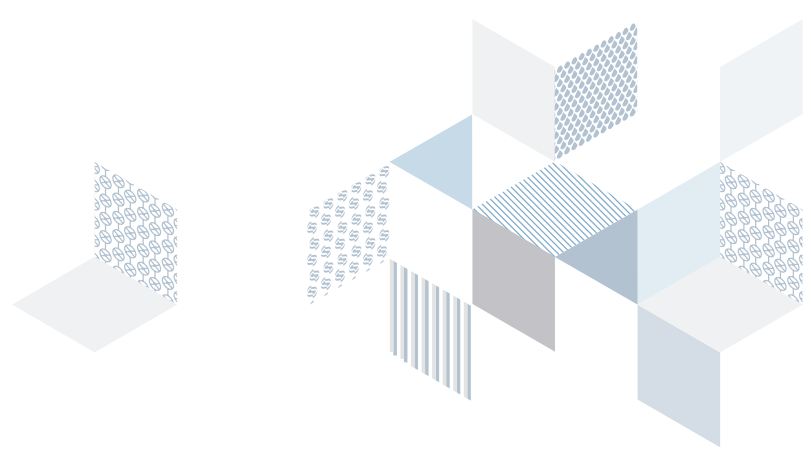
PGN, through its subsidiary GEI, is developing CNG and providing equipment for the transportation sector to meet industrial gas demand and BBG (Gas Fuel). BBM to BBG conversion by the government as an effort to reduce Indonesia’s dependence on fuel imports is an opportunity for PGN to develop the market 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.

**Integrated Industrial Estate and Asset Management**

PERMATA is a Subsidiary of PGN engaged in providing asset management services and supporting services as well as development of an environmentally friendly natural gas-based industrial and residential area in a professional manner.

PERMATA’s business activities include: facility management, asset management and Entrepreneurial Real Estate. PERMATA currently serves office services as well as managing assets within the PGN Group. PERMATA has also developed Eco Smart and Green Living Concept as a prototype of Housing development integrated with products and services owned by PGN Group

In addition, the high volume of consumption of the industrial sector is a potential to develop the business of integrated Industrial Zone. The plan, an integrated industrial area will be integrated with various facilities and networks that have been owned by PGN. PERMATA has conducted survey and location selection and business feasibility test for the development of integrated industrial area that can increase the added value of the company.



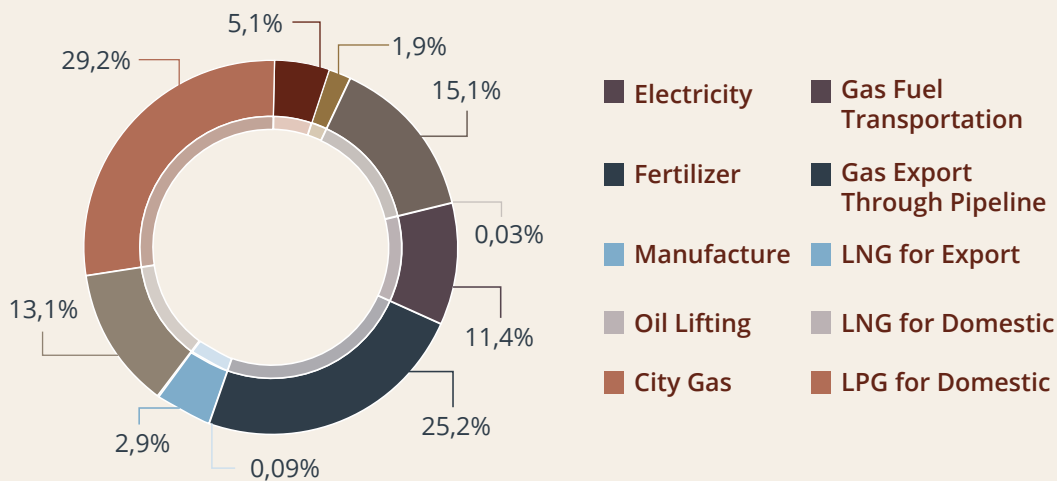
## MARKETING ASPECTS

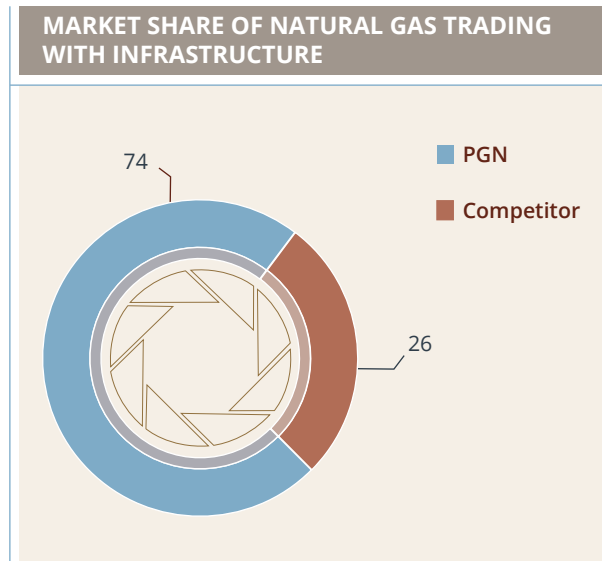
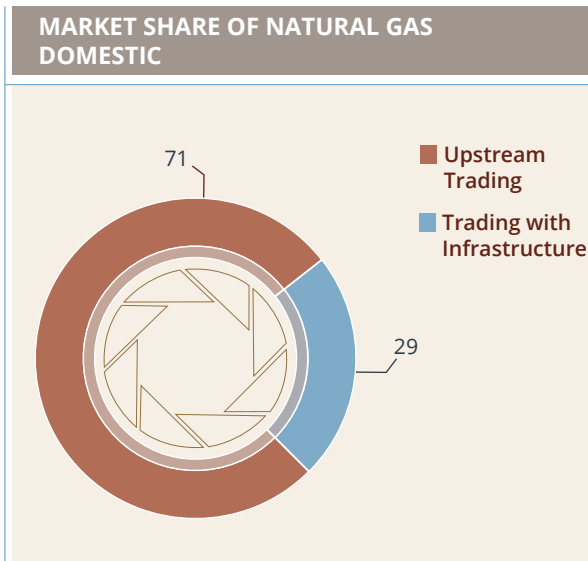
### MARKET SHARE

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.

In 2017, natural gas production in Indonesia for domestic consumption reaches ± 3,800 MMScfd while for export consumption is ± 2,300 MMScfd. In terms of utilization of natural gas, the manufacturing sector utilizes gas at 25.24% of total production. In terms of utilization of natural gas for domestic consumption, around 2,800 MMScfd is managed by the upstream sector to be distributed directly to the end users and around 1,100 MMScfd is managed by a natural gas business entity. In terms of utilization of PGN as one of the natural gas business entities controls about 74% of natural gas market share through distribution pipeline in Indonesia. The control of the national gas distribution market share in 2017 increased from 2016 by 73%.

### INDONESIAN NATURAL GAS UTILIZATION





For gas transmission segment, in 2016 PGN controlled 34% market share of gas transmission in Indonesia (including transmission pipelines operated by Subsidiaries and Affiliates).

**MARKETING STRATEGY**

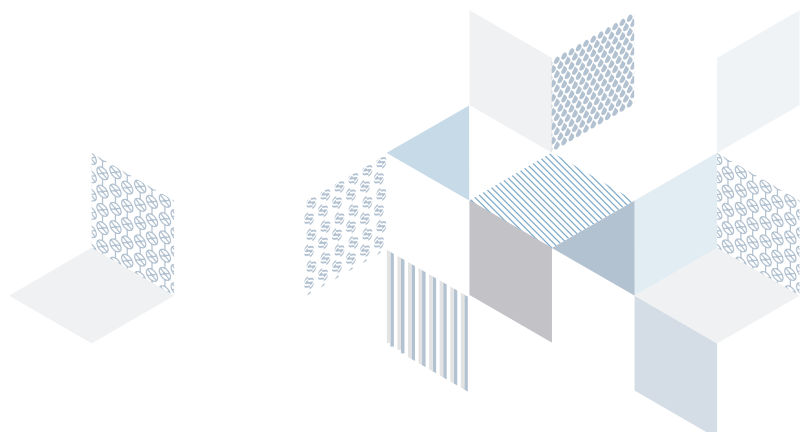
PGN aims to develop customer centric concept to better understand customers by emphasizing the concept of customer experience and experiential marketing. Departing from the understanding of customer experience which further poured with the fulfillment of customer needs and expectations based on technology utilization is a form of PGN service innovation in order to improve customer satisfaction and engagement.

PGN’s customers are one of the stakeholders who play a central role in ensuring PGN’s viability through purchasing products and services. Customers are also PGN’s main partner in developing the business in the future. Based on this thinking, PGN operates superior operational management and creates innovations to achieve product & service excellence to ensure satisfaction of its customers.

How to listen, interact and observe customers along with the customer journey to obtain actionable information are some of PGN’s ways of improving products and services tailored to customer needs and expectations.

In 2017, a number of marketing/sales strategies were implemented by PGN to increase sales and to maintain existing markets. The strategy was run alone by PGN or synergized 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.



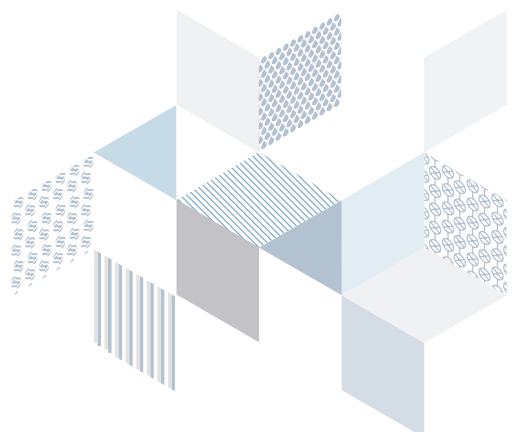
The expansion of the utilization of natural gas is as follows:

- Distribution of gas to PT. XD Sakti Indonesia in the Deltamas Karawang area with a year-long distribution volume of  $\pm 3$  MMscf (million standard cubic feet). PT. XD Sakti Indonesia is a transformer-producing industry as the largest power supporting equipment in Southeast Asia. So, with the presence of PGN is participated in supporting the fulfillment of energy needs required in increasing the added value of production.
- Distribution of gas to PT Maxis International Indonesia in Greenland International Industrial Center Industrial Area with a yearly distribution volume of  $\pm 9$  MMscf (million standard cubic feet).
- Gas distribution to PT Krakatau Nippon Steel Sumikin (KNSN) in Kawasan Industri Krakatau Industrial Estate Cilegon with volume of distribution for a year that is equal to  $\pm 10$  MMscf (million standard cubic feet). KNSN is an industry that produces galvanized steel plates primarily to support the automotive industry
- Gas distribution to PT Lamong Energy Indonesia in Surabaya with a year-long distribution volume of  $\pm 17$  MMscf (million standard cubic feet).
- Distribution of gas to PT Top Baker Indonesia in Batam with the volume of distribution for a year of  $\pm 0.8$  MMscf (million standard cubic feet).
- Gas distribution to Hotel Caribbean Boutique in Medan with a year-long distribution volume of  $\pm 0.8$  MMscf (million standard cubic feet).



In addition to the above Customers, during the period of 2017 PGN successfully expanded the use of natural gas services to 114 Commercial and Industrial Customers spread in West Java, East Java, Medan, Batam, Pekanbaru, Lampung, Semarang, Sorong and Tarakan with potential distribution volume during a year of  $\pm 110$  MMscf (million standard cubic feet). To expand the service, PGN adds a 175 km downstream gas pipeline. This shows the consistency of PGN as a national natural gas company that continues to develop the natural gas infrastructure and expand the services of natural gas for the people of Indonesia.

To support the government's 35,000 MW policy for the electricity sector, PGN is strengthening the infrastructure of natural gas in West Java, which strengthens the infrastructure to support the reliability of electricity for Tanjung Priok and Muara Tawar power plants to meet the demand for electricity in Jakarta and Bali.



PGN also supports the gas distribution network program for the household sector, where in 2017 PGN gets assignment from the Government as stated in Regulation of the Minister of Energy and Mineral Resources (ESDM) Number 8086.K/12/MEM/2016 dated December 29, 2016 to conduct construction of gas distribution network in Musi Banyuasin district, Bandar Lampung City, DKI Jakarta and Mojokerto City.

To continue increasing the infrastructure of natural gas, PGN is currently in the construction of natural gas infrastructure in Dumai area by 56 km in length and the development of gas infrastructure in Gresik area by 11 km in length. In addition, PGN also received an assignment from the Government to develop the Section I WNTS - Pemping gas infrastructure in Batam. The infrastructure of the natural gas will make an opening road to optimize the potential of natural gas supply for domestic interests sourced from Natuna field.

PGN continues to commit to develop natural gas infrastructure through market penetration in existing operational areas and new market development. PGN will also develop the utilization of natural gas using both conventional and intermodal gases (CNG and LNG) as well as derivative products (including electrical energy).

**b. Enhancement of Customer Satisfaction and Engagement**

During 2017, PGN attempted to keep improving customer engagement by among others making exemption from surcharge requirement for customers in some Sales Areas with higher gas supply than the amount of gas requested in the contract with the Customer. Such incentive program was also run in the low season, namely on mass holiday of Ied Al-Fitr and year end. This program received positive responses from the Customers and they used it to keep their product's competitiveness at the time they use gas above the agreed maximum amount. The positive responses boosted gas sales increase amid poor market demand.



PGN is also initiating innovations in terms of investment funding scheme by customer on gas utilization network installation and bill payment through collaboration with Bank in order to allow more flexible subscription of PGN gas for the Customers.

**c. Launching of PGN Gas Provision Standard Products & Refinement of PGN Gas Customer Segmentation**

As a measure in surviving the more competitive environment in management of downstream gas where some competitors provide alternative product and scheme for Customer need fulfillment, PGN carried out Customer re-segmentation that basically was focused on grouping customer based on unique need identification, providing flexible commercial clause, and service accuracy in hopes of giving more values to the Customer. Such refinement on Customer segmentation was expected to be a measure in optimizing products and services with more values for both the Customer and PGN.

In line with the Customer segmentation refinement, PGN determined gas provision standard product to have more focused and precise customer management (Customer Focus) that corresponds to the characteristics and contribution of the customer based on gas usage characteristics and type of services needed.

d. Payment method

In order to improve customer service, PGN continues to collaborate with financial institutions and service providers to facilitate customer payment mechanisms, especially household customers. Besides Bank through ATM system, teller or transfer online, PGN also open payment method through Indomaret or Payment Point Of Bank (PPOB). This is done to continuously improve PGN's excellent service and to make it easier for household customers to perform their payment obligations.

e. Revamping PGN Website

In order to improve customer services, PGN gave a renewal to its website to allow customers and society to know PGN in specific. The website renewal or revamp has also been categorized based on PGN customer segmentation, namely Household, Business (Commercial and Industry), and Transportation.



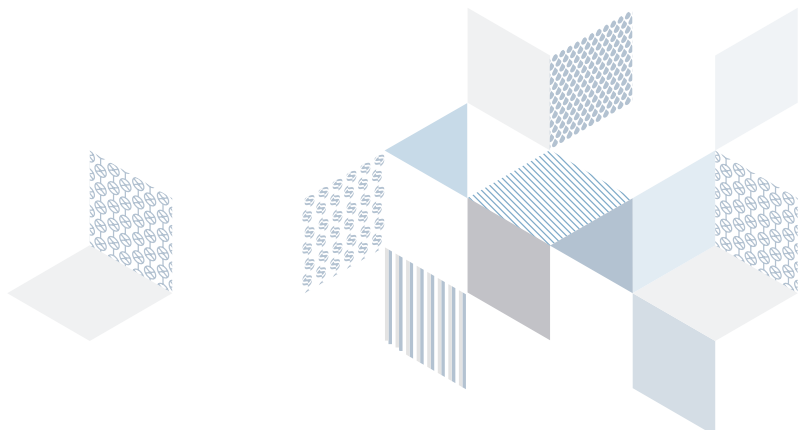
PGN's website has the following features: (a) Steps for PGN Gas Subscription; (b) Gas volume Calculator, (c) Marketing E-Brochure; (d) General Terms of gas subscription and other information needed by the society.

f. "PGN Sayang Ibu" Program PGN

In addition to developing household gas network upon Government's assignment, PGN also undertook household development by internal budget. During 2017, PGN consistently ran "PGN Sayang Ibu" program that was launched on March 25, 2014 with the goal of one million new Household Customers. This program was created to encourage acceleration of gas use in Household sector as a realization of PGN's support for the Government on reducing LPG fuel subsidies. During 2017, PGN has expanded its Household gas services to 57,702 customers.

g. Customer Gathering

Customer Meeting is a routine event of PGN as one of the proactive programs to improve the quality of service to customers. Customer meetings 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 2017, PGN held a Customer Meeting in various existing Sales Area and city that will be developed by PGN.





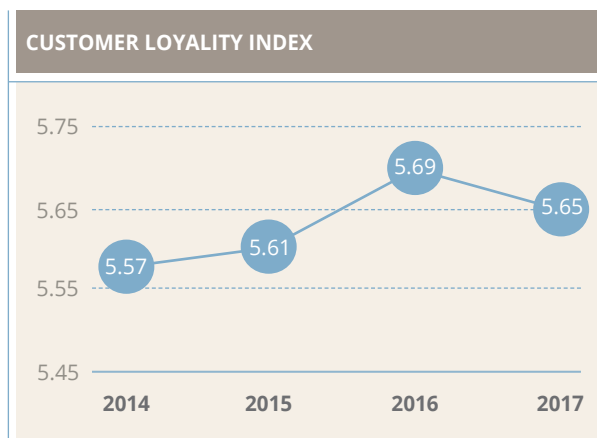
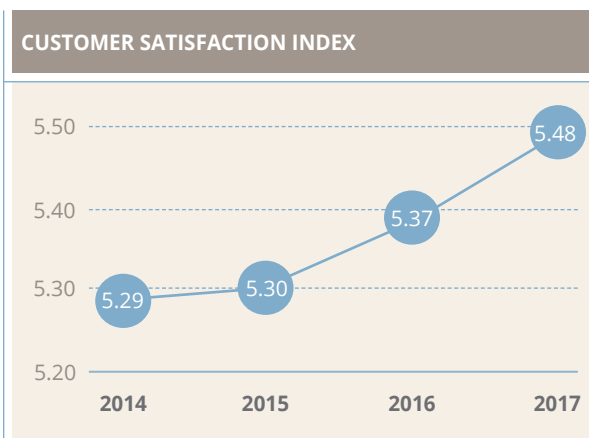
In addition to Customer Meeting, PGN through Customer Management and Sales actively visit customers/prospective customers in order to create harmonization and synergy of natural gas distribution business activities. In line with the organizational transformation program, PGN changed the sales spearhead function and tasks previously held by Account Executive into 2 (two) major groups, namely Customer Management and Sales.

Customer Management focuses on serving existing customers, while Sales focuses on serving and looking for new prospects. Solving these tasks and functions is PGN's breakthrough in order to improve the quality of service, the number of sales and accelerated subscription process of new prospects. During the visit Customer Management and Sales actively provide inputs to customers/

potential customers on how to improve their equipment utilization efficiency and understand the business situation of the customer/prospect. This is a valuable input for management to create a policy of gas subscription policy.

h. Level of Customer Satisfaction

Assessment of customer's level of satisfaction is done to get input on PGN's performance in Customer's eyes. Only by knowing the satisfactions, behavior and needs of customers, PGN continues to improve itself and improve the quality of service to stay ahead in the natural gas business in Indonesia. Based on the survey conducted by independent parties, several parameters to show the level of customer satisfaction is indicated by Customer Satisfaction Index (CSI) which shows the increase each year and Customer Loyalty Index (CLI).



From the results of the survey conducted, the Customer highly appreciate the performance of PGN, especially on the activities of assurance of supply certainty, security tangka, comfort in the use of gas PGN, ease of communication with the Sales well as well as the ability to understand the customer problems.

On the other hand, there are some input from Customers such as: information about PGN products and services that have not been well informed to Customer, Customer loyalty program for Customer, improvement on PGN Mobile application with addition of real time gas usage feature and gas bill information. In addition, for Customers who currently still use natural gas from competitors also said that they still use gas from competitors with consideration of better after-sales service as well as for emergency needs.

With these results further motivate PGN in continuously developing and improving the quality of distribution and service to customers.

## DIVIDEND DISTRIBUTION POLICY

In 2017, the Shareholders through the Annual GMS on 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 profit with cash dividends of the Fiscal Year 2016 distributed was Rp75.18 per share.

In 2016, the Shareholders through the Annual GMS on April 8, 2016 decided to distribute cash dividends amounting to Rp2,213,734,528,459 (equivalent to USD168,101,946) or 41.2% of net income with cash dividends of the Fiscal Year 2015 distributed was Rp91.32 per share.

## EMPLOYEE STOCK OWNERSHIP PROGRAM AND/OR MANAGEMENT STOCK OWNERSHIP PROGRAM (ESOP/MSOP)

In accordance with the Extraordinary General Meeting of Shareholders (EGMS) on November 3, 2003, as stated in No. 5 deed of Fathiah Helmi, S.H., the shareholders approved Employee Share Ownership Program (ESA) and Management Share Ownership Program (MSOP) with terms and conditions set out by the Board of Commissioners. Based on the resolution of the EGMS, the Company established three programs for ESA participants as follows:

1. Granting free shares to ESA participants to show appreciation for their contributions to the Company at the average of twice monthly income. ESA participants could not put shares from this program on sale in the period of one year after the date of Company's stock listing in the Stock Exchange and they could not withdraw it in cash.
2. ESA participants could also buy shares with their bonus in 2003 at most three times of their monthly income. Buying shares with this method would give participants 18% discount from the offered price. ESA participants could not put shares from this program on sale in the period of one year after the date of Company's stock listing in the Stock Exchange and they could not withdraw it in cash.
3. If ESA participants were willing to use their rights in program 1 and 2, they would be given opportunity to buy shares with cash using personal fund and have 18% off the offered price. ESA participants could not put shares from this program on sale in the period of one year after the date of Company's stock listing in the Stock Exchange and they could not withdraw it in cash. In accordance with the meeting of Board of Commissioners on November 17, 2003, the Directors, Board of Commissioners, and senior management at certain levels were allowed to participate in MSOP program. In this program, the number of new shares to issue should not surpass 5% of the issued and paid on capital with a maximum share issuance period of three years and to be executed in three phases in a total period of five years for program implementation with the following details:
  - a. First Phase
 

The maximum number of shares to be issued was 50% x 5% x amount of issued and paid on capital with share implementation price at 110% of initial public offering price or Rp1,650. Entitlements held on 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% x 5% x 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% x 5% x 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 2017, there were no execution of ESOP/ MSOP ownership program by employees, Directors, and Board of Commissioners at PGN.

## USE OF PUBLIC OFFERING PROCEEDS

The Company listed its shares on Indonesia Stock Exchange in December 15th, 2003. The net proceeds from the IPO amounted Rp1,163.3 billion was entirely used to finance the construction of the natural gas transmission pipeline project, specifically the South Sumatera-West Java corridor, which was completed in August 2008.

In 2017, no IPO has been rolled out by PGN.

## INFORMATION ON MATERIAL TRANSACTION INVOLVING CONFLICT OF INTEREST AND TRANSACTION WITH AFFILIATES

### GRANT OF LOANS TO SUBSIDIARIES

There were no loans granted to the subsidiaries or affiliates in 2017.

### INVESTMENTS TO SUBSIDIARIES

1. Name of parties in transaction  
In 2017, PGN invested in the Subsidiary, namely PERMATA.
2. Transaction fairness  
All transactions in number one were fairly executed, putting forward GCG principles and in line with the applicable business practice.
3. Reason of transaction  
Investments were executed to allow Subsidiaries to have enough funding in investment and development of their business in order to support business synergy in PGN Group. Investment to PERMATA aimed to hold the ownership of PERMATA in KJG.
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, during the year of 2017 up to early December, there were no regulations directly related to or having significant impact on PGN's business activities. However, at the end of the year 2017 the Government through Ministry of Energy and Mineral Resources (*ESDM*) issued Regulation of Minister Number 58 Year 2017 on Selling Price of Natural Gas Transmitted through Pipe in Downstream Oil and Gas Business Activities that significantly affected PGN's operational business. As a State-Owned Enterprise in permanent gas management, PGN was obliged to fully comply with the regulation. Some main points of the regulation are among others:

1. Regulation of Ministry of Energy and Mineral Resources Number 29 Year 2017 on licence of oil and gas business activities dated March 30, 2017 effective per May 12, 2017 ("Permen *ESDM* 29/2017"). Permen *ESDM* 29/2017 was issued to stimulate investment by cutting hundreds of permits from the desk of Oil and Gas General Directorate. Permen *ESDM* 29/2017 is expected to bring more simplicity, transparency, effectivity, efficiency, and accountability to oil and gas permits. In the regulation, Ministry of *ESDM* only needs to administer six permits and four non-permits, consisting of two permits in oil and gas upstream, namely survey licence and oil and gas data utilization licence and four in the downstream, namely oil and gas processing business licence; oil and gas storage business licence; oil and gas transportation business licence; and oil and gas trade business licence.
2. Regulation of Minister of Energy and Mineral Resources Number 40 Year 2017 on Delegation of Authority of Granting Permits in Oil and Gas Business Sector to Head of Investment Coordinating Board dated June 14, 2017 ("Permen 40/2017").

Permen 40/2017 is a continuation of Permen 29/2017 in the delegation of authority of granting permits in oil and gas business regarding one-door integrated services to Head of Investment Coordinating Board and, in accordance with the provisions of Article 7 Paragraph (2) of Presidential Regulation Number 07 Year 2014 on One-Door Integrated Services, the authority of granting permits in oil and gas business should be delegated to Head of Investment Coordinating Board.

3. Regulation of Minister of *ESDM* Number 58 Year 2017 on the Selling Price of Natural Gas through Pipe in Oil and Gas Upstream Business Activities ("Permen 58/2017")  
Permen 58/2017 is an implementation of regulation of Article 72 Government Regulation Number 36 Year 2004 on Downstream Oil and Gas Business amended through Government Regulation Number 30 Year 2009 on Changes to Government Regulation Number 36 Year 2004 on Downstream Oil and Gas Business Activities. The Selling Price of Downstream Natural Gas set out in Permen 58/2017 is an accumulation of Upstream Gas Price and Natural Gas infrastructure management and Trade Fund. Permen 58/2017 also regulates Downstream Gas Price reporting and proposal from Business Entities to Ministry of *ESDM*.
4. Decision of Minister of *ESDM* Number 434.K/12/MEM/2017 on Natural Gas Price for Industries in Medan and the Surroundings dated February 13, 2017 effective as of February 1, 2017 ("Kepmen 434/2017"). In its consideration, Kepmen 434/2017 was issued to bring sustainability in industrial growth and offer the best natural gas price to increase value and industrial competitiveness in Medan and the Surroundings. Hence, it was necessary to determine the price of natural gas in Medan and the surroundings. The implementation of Kepmen 434/2017 directly affected PGN's revenue from customers in Medan and its nearby. However, PGN consistently attempts to perform effective and efficient operations to offer the best price for the customers.

Other than 4 (four) Regulations above, the Government also issued:

1. Decision of Head of Investment Coordinating Board Number 266/1/IU/ESDM/ PMDN/2017 on Oil and Gas Business Trade Licence PT Perusahaan Gas Negara (Persero) Tbk dated September 26, 2017.
2. Letter of Minister of *ESDM* Number 2433/10/ DJM.O/2017 on Oil and Gas Temporary Business Trade Licence through Downstream Dedicated Pipe in Dumai, March 7, 2017.

Decision of BKPM mentioned in point 1 above is an embodiment of Permen *ESDM* 29/2017 and Permen *ESDM* 40/2017. Furthermore, with the issuance of temporary business licence mentioned in point 2, PGN gained positive impact from business legal aspect in its operational areas and convenience in obtaining gas supply allocation in accordance with the Regulation of Minister of *ESDM* Number 06 Year 2016.

In 2017 also, the Government gives PGN a mandate to continue to develop and operate the Network of Natural Gas Pipe for Household (“Jargas”) in some areas in Indonesia. The government’s assignments include:

- a. Based on Decree of the Minister of Energy and Mineral Resources No. 8086.K/12/MEM/2016 on Assignment To PT Perusahaan Gas Negara (Persero) Tbk to Conduct Gas Supply and Distribution through Natural Gas Distribution Network for Fiscal Year 2017 dated December 29, 2016, PGN was granted mandated by the Government to build and operate Jargas in Musi Banyuasin Regency, Bandar Lampung City, DKI Jakarta and Mojokerto City;
- b. Based on Decree of the Minister of Energy and Mineral Resources No. 2461.K/12/MEM/2017 on Amendment to Minister of Energy and Mineral Resources Decree No. 3337 K/12/MEM/2015 on

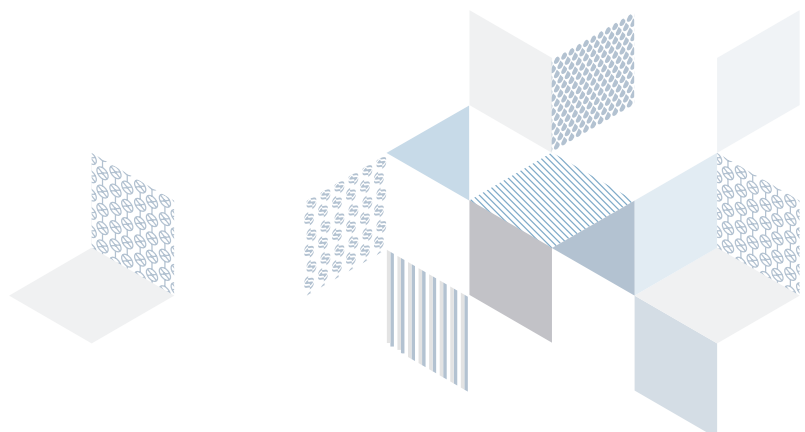
Assignment to PT Perusahaan Gas Negara (Persero) Tbk in the Operation of Distribution Network of Natural Gas for Household Built by the Government on July 13, 2017, Depok and Bekasi areas are no longer part of the Government’s assignment to PGN so that PGN can focus more on building and operating Jargas in the flats of Jabodetabek, Bogor Regency, Cirebon City, Palembang City, Surabaya City, Tarakan City, Sorong Regency, Blora Regency, and Semarang City.

## CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the 2017 consolidated financial statements are consistent with the accounting policies applied in the consolidated financial statements in 2016.

Implementation of new or revised interpretations and standards effective as of January 1, 2017 did not have material impacts on the consolidated financial statement:

1. PSAK No. 1 (2015 Revision): Presenting Financial Statement  
This Amendment of PSAK provides clarification regarding implementation of materiality requirements, flexible systematic order of notes on financial statement and identification of significant accounting policies.



This Amendment of PSAK also led to amendment of PSAK (consequential amendment) as follows:

- PSAK No. 3: Interim Financial Statement;
- PSAK No. 5: Operating Segment;
- PSAK No. 60: Financial Instruments: Disclosure; and
- PSAK No. 62: Insurance Contract.

2. PSAK No. 3 (2016 Revision): Interim Financial Statement

This PSAK clarifies that the required interim disclosure should be included in the interim financial statement or through cross reference of interim financial statement, such as management commentary or risk report available for interim financial statement users. If financial statement users cannot access information in the cross reference with equal requirement and time, the interim financial statement of entity is considered incomplete.

3. PSAK No. 24 (2016 Revision): Employee Benefit

This PSAK clarifies that high-quality corporate bonds market is assessed on the basis of currency denomination of the bonds instead of the country where the bonds are.

4. PSAK No. 58 (2016 Revision): Non-Current Assets for Sale and Discontinued Operations

This PSAK clarifies that changes from one discharge method to another are regarded as sustainable initial plan instead of a new discharge plan.

This adjustment also clarifies that this discharge method does not change the date of classification as discharged assets or asset group.

5. PSAK No. 60 (2016 Revision): Financial Instruments: Disclosure

This PSAK clarifies that entities should assess the characteristics of service contract compensation to determine if entities have sustainable involvement in financial assets and if they meet the requirements for sustainable involvement disclosure.

6. ISAK No. 31: Interpretation on The Scope of PSAK No. 13: Investment Properties

ISAK 31 provides interpretation on building characteristics used as part of definition of investment properties in PSAK 13. The building mentioned in the definition of investment properties refers to the structure with physical characteristics generally associated with a building with walls, floors, and ceilings attached to the assets.

7. ISAK No. 32: Definition and Hierarchy of Financial Accounting Standards

ISAK 32 provides interpretation on definition and hierarchy of Financial Accounting Standards in PSAK 1 Paragraph 7 and PSAK 25 Paragraph 5.

New standards, revisions, and interpretations already published but not yet effective in the current time are:

1. PSAK No. 2 (2016 Revision): Cash Flow Report

This Amendment of PSAK requires entities to provide disclosures allowing users of financial statement to evaluate changes in liabilities coming from financing activities, including changes coming from cash flow and non-cash changes.

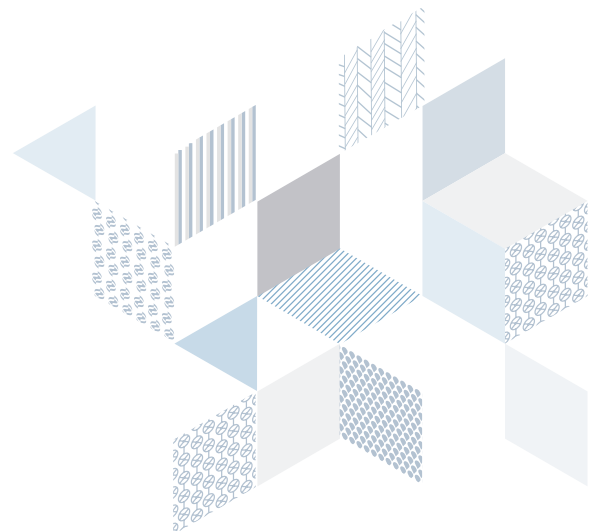
2. PSAK No. 13: Investment Properties regarding Transfer of Investment Properties

This amendment clarifies requirements for transfer to, or from, investment properties.

3. PSAK No. 15: Investments in Association Entities and Joint Ventures regarding Long-Term Interests of Association Entities and Joint Ventures  
This PSAK amendment clarifies that the Company takes into account the long-term interests of Association Entities and Joint Ventures in which PSAK 71 is applied instead of equity method.
4. PSAK No. 16 (2015 Revision): Fixed Assets, for paragraph related to agricultural assets.  
This PSAK amendment clarifies that biological assets that meet the definition of productive plants are included in the scope of PSAK 16. Definition, acknowledgment, and measurement of productive plants are in adherence to the requirements in PSAK 16.
5. PSAK No. 46 (2016 Revision): Income Tax  
Changes in this PSAK are in the following:
  - a. Providing illustrative example to clarify that the deductible temporary difference emerges when the registered amount of debt instrument assets is measured in fair value and that fair value is less than its Tax Basis, without taking into account whether entities consider to restore registered amount of debt instrument through sales or usage, i.e. by owning and receiving contractual cash flow or both combined.
  - b. Clarifying that to determine if future taxable profit is sufficient to be able to make use of the deductible temporary difference, then it is carried out in accordance with the tax rules.
  - c. Adding a point stating that tax reduction from reversal of deferred tax assets is excluded from estimation of future taxable profit. Then, entities

compare the deductible temporary difference with estimation of future taxable profit that does not include tax reduction from reversal of deferred tax assets in question to assess if entities have adequate future taxable profit.

- d. Estimating the great possibility of future taxable profit that includes restoration of some of the entities' assets exceeding the registered amount when adequate proof of entities achieving such condition exists.
6. PSAK No. 53: Clarification and Share-Based Payment Transaction Measurement  
This amendment clarifies accounting treatment regarding classification and measurement for share-based transactions.
7. PSAK No. 69: Agriculture  
PSAK 69 regulates that biological assets or agricultural products was acknowledged when they meet several criteria equivalent to the criteria of asset acknowledgment. Such assets are measured in initial acknowledgment and at the end of every period of financial statement in fair value reduced by to-sell costs. The gap coming from asset's fair value is acknowledged in the profit-loss of the occurrence period. Exception granted when the fair value clearly cannot be reliably measured. PSAK 69 provides exclusion for productive assets exempted from the scope. Such regulation of productive assets accounting refers to PSAK 16. PSAK 69 does not regulate the process of agricultural products after harvest time. For example, processing of grape into wine and wool into yarn.



## 8. PSAK No. 71: Financial Instruments

PSAK 71 will have material impacts on classification and measurement of financial instrument (especially financial assets), impairment, and hedge accounting.

This amendment regulates the features of settlement acceleration with negative compensation, allowing the Company to control financial assets called negative compensation payment on amortized costs or on fair value through other comprehensive income and not on the fair value through profit-loss report.

## 9. PSAK No. 72: Revenue from Customer Contracts

This PSAK will replace the following standards:

- PSAK 23: Revenue;
- PSAK 34: Construction Contracts;
- ISAK 10: Customer Loyalty Program;
- ISAK 21: Real Estate Construction Agreement;
- PSAK 44: Accounting of real estate development activities

As the result, these will be a standard for revenue acknowledgment.

## 10. PSAK No. 73: Lease

PSAK 73 was authorized in September 2017. It will significantly affect almost all leases acknowledged in financial statement since the difference between operating lease and financing is eliminated. In the new standard, a financial asset (use right on leased goods) and liabilities to pay leases are acknowledged. Exception is only in short-term leases and leases with low value.

Accounting treatment for the lessor will not be significantly different.

Standards will mainly affect accounting treatment of Group on operating leases. On the date of reporting, Group has commitment of operating lease. Group has not decided as to how much their commitment affects assets and liabilities acknowledgment for future payment and how it will affect profit and cash flow classification of the Group.

Some commitments can be included by exception for short-term lease and some other can relate to regulations that do not meet lease requirements in PSAK 73.

This standard should be applied in the year beginning on or after January 1, 2020. Early implementation is allowed particularly for entities with PSAK 72 application. Group does not intend to adopt this standard before its effective date.

## 11. Amendment of PSAK No. 62: Insurance Contracts – Implementing PSAK No. 71: Financial Instrument with PSAK No. 62: Insurance Contracts

This amendment is a consequential amendment due to the issuance of PSAK No. 71.

This changed standard provides guidance for entities issuing insurance contracts (especially insurance companies) regarding how to apply PSAK No. 71, where there will be two approaches to choose: reporting deferral entities and overlay.

## 13. ISAK No. 33: Foreign Currency Transactions and Advance Consideration

ISAK 33 is an implementation of IFRIC 22. This amendment clarifies the use of transaction date in determining the currency to be used for preliminary determination of assets, costs or revenue at the time entities receive or pay advance in foreign currency.



The standards mentioned above will be effective in the financial year beginning on or after January 1, 2018, with ISAK 33 being an exception as it will be effective in the financial year beginning on or after January 1, 2019. PSAK 15, PSAK 53, PSAK 71, PSAK 72, and Amendment of PSAK 62 will be effective in the financial year beginning on or after January 1, 2020. Early implementation is allowed particularly for entities with PSAK 72 applied. Group does not intend to adopt this standard before its effective date. At the issuance of this consolidated interim financial statement, the management is still evaluating the potential impacts of these new standards and revisions as well as their impact on the Group's financial statement.

## BUSINESS SUSTAINABILITY INFORMATION

In 2017, information regarding PGN's business sustainability is in the following:

1. Matters significantly affecting the Company's business sustainability;
  - Decline in global oil price
 

The low realization of global oil price during 2016 has led to the Company's declined revenue and demand volume from natural gas distribution customers. The declined oil price also led to a decline in SEI's revenue and impairment on oil and gas properties affecting PGN's financial performance on a consolidated basis.

- Low national economic growth
 

The low national economic growth reduced consumers' purchasing power, leading to decreased national industrial production, decreased electricity demand and commercial activities, and ending up in the decrease in PGN customers' gas absorption.
- Regulation of the commercial aspects of natural gas
  - i. Permen 06/2016 on Terms and Procedures of Allocation, Utilization, and Price of Natural Gas
 

The issuance of Permen 06/2016 has brought changes to the policy of allocating natural gas in Indonesia, making it impossible to allocate natural gas to business entities with no direct natural gas infrastructure for end users. As a State-Owned Enterprise with natural gas infrastructure, PGN holds a strong position in implementing Permen 06/2016. Therefore, PGN will have more optimal role in the utilization of natural gas in Indonesia.
  - ii. Decision of Minister of ESDM Number 4823.K/12/MEM/2015 on Assignment to PT Perusahaan Gas Negara (Persero) Tbk in Development and Operation of Natural Gas Distribution Network for Household of Financial Year 2016 and Decision of Minister of ESDM Number 8086.K/12/MEM/2016 on Assignment to PT Perusahaan Gas Negara (Persero) Tbk in Procurement and Distribution of Natural Gas Through Natural Gas Distribution Network for Household of Financial Year 2017.

The issuance of the mentioned Decision of Minister shows that PGN is a strategic partner of the Government in ensuring national energy security and accelerating the actualization of energy diversification through accelerated implementation of oil fuel substitution for gas in household sector. Additionally, through Decision of Minister of ESDM Number 8086.K/12/MEM/2016, PGN expanded natural gas utilization to Musi Banyuasin, a new area. It contributed to PGN's strong commitment to consistently expand natural gas utilization and services across Indonesia.

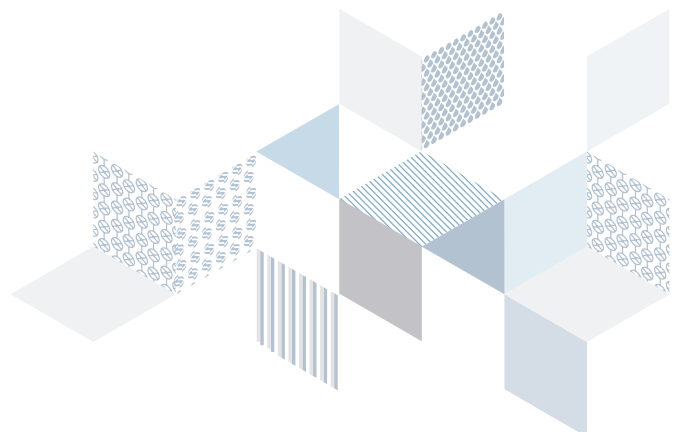
iii. Decision of Minister of ESDM Number 8103.K/12/MEM/2016 on Assignment to PT Perusahaan Gas Negara (Persero) Tbk in Procurement, Distribution, and Installation of Converter Kit Packages for Official Vehicles and Motor Vehicle for Public Transportation of Year 2017.

The issuance of the mentioned Decision of Minister shows that PGN is a strategic partner of the Government in diversification of oil fuel to gas fuel for motor vehicles.

## 2. Management's Assessment on the Effects

- Management conducted risk assessment on matters with potential significant impact on PGN's business sustainability.

- Based on the assessment result, PGN carried out mitigation measures to maintain business sustainability, among others:
    - Portfolio setting for SEI between crude oil, natural gas, and LPG based on the market price of energy commodity.
    - Increasing SEI's production by drilling new wells in the existing production field.
    - Increasing absorption of existing customers through free surcharge mechanism, customer services improvement and network reliability.
    - Developing pipeline up to end users to have more new customers in the existing area and develop natural gas market in new areas.
  - The implemented mitigation measures has allowed PGN to maintain sales volume amid declined national natural gas consumption and maintain SEI's revenue and hence contributing to PGN's performance on a consolidated basis.
- ## 3. Management's Assumptions in Conducting Assessment
- Assessment was based on assumptions expressed in PGN's RKAP year 2017 referring to Revised State Budget in which oil price is projected at USD45/bbl and national economic growth at 5.1%.
  - At the end of 2017, realization of average oil price was above assumption, namely at around USD51/bbl and global oil price at USD60/bbl. Meanwhile, national economic growth was slightly below the assumption at 5.07%.







Like a growing city, good governance is needed to ensure that the city develops and progresses. PGN has been awarded numerous awards in Good Corporate of Governance for the past 5 years.

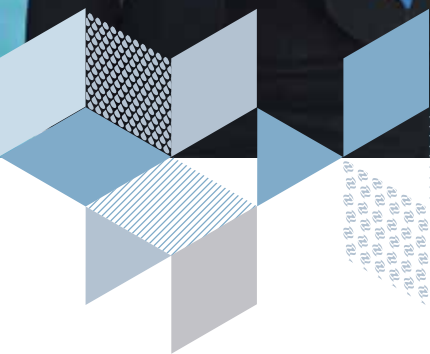
05



**GOOD CORPORATE  
GOVERNANCE**



## GOOD CORPORATE GOVERNANCE



State-Owned Enterprises (SOEs) as one of the pillars of Indonesian economy is required to be the pioneer of the implementation of Good Corporate Governance (GCG). To encourage this, the Minister of State-Owned Enterprises has issued the Regulation of the Minister of State-Owned Enterprises No. PER-9/MBU/2012 dated July 6, 2012 on Amendment of Regulation of the Minister of State-Owned Enterprises No. PER 01/MBU/2011 dated 1 August, 2011 on GCG Implementation State-owned enterprises.

## THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

As a public company enlisted in the Indonesian Stock Exchange, PGN is obliged to obey the guidelines of Corporate Governance as issued by the FSA.

GCG is a tool used by the Company's organs to improve its business success and accountability in order to realize shareholders' values in the long term by taking into account the interests of other stakeholders, based on laws and regulations as well as business ethics. PGN as one of the SOEs always play an active role in the national economic development process by improving the performance of the Company based on GCG principles.

PGN establishes Good Corporate Governance (GCG) and principles of Transparency, Accountability, Responsibility, Independence and Fairness as a basis for improving the performance of the Company by continuously updating various Guidelines, Operational Procedures, and Manuals with the changes in the prevailing laws and regulations as well as the Company's transformation and development programs. This update is reinforced by socialization and implementation. The socialization serves as a commitment of the Company to always remind all of the Stakeholders how important GCG in every job activity.

### THE OBJECTIVES OF IMPLEMENTING GOOD CORPORATE GOVERNANCE

As a state-owned enterprise engaged in the transmission and trading of natural gas, PGN has proven a long experience in building natural gas infrastructure that is a long-term investment for future generations. As we grow, PGN has transformed to strengthen its position as a leading energy company in Indonesia. The transformation is not only in the form of organization but is reinforced by values believed to be implemented by every PGN individuals.

To realize the Vision of "Becoming a World Class Energy Company in the Gas Field by 2020", PGN uses the independence and synergy of every entity within PGN to improve competitiveness and constantly develop good corporate governance structures and systems in accordance with GCG principles based on the Regulation of the Minister of SOEs No. PER-9/MBU/2012 dated July 6, 2012 on Amendment to the Regulation of the Minister of SOEs No. PER-01/MBU/2011 dated August 1, 2011 on the Implementation of GCG in State-Owned Enterprises.

Based on Directors Decree No. 006901.K/OT.01/UT/2012 on Good Corporate Governance Guidelines, the implementation of GCG in the PGN environment aims to:

1. Optimize PGN's value in order to have strong competitiveness, both nationally and internationally, so as to maintain its existence and sustainable living to achieve the Company's goals and objectives;
2. Encouraging professional, efficient and effective PGN management and empowering functions and enhancing the independence of the Company's Organs;
3. Encourage the Company's Organs to make decisions and carry out actions based on high moral values and compliance with laws and regulations, as well as awareness of PGN's social responsibilities to Stakeholders and environmental sustainability around PGN;
4. Increase the contribution of PGN in the national economy;
5. Improving the conducive space to the development of national investment;
6. Improve the Company's better image.



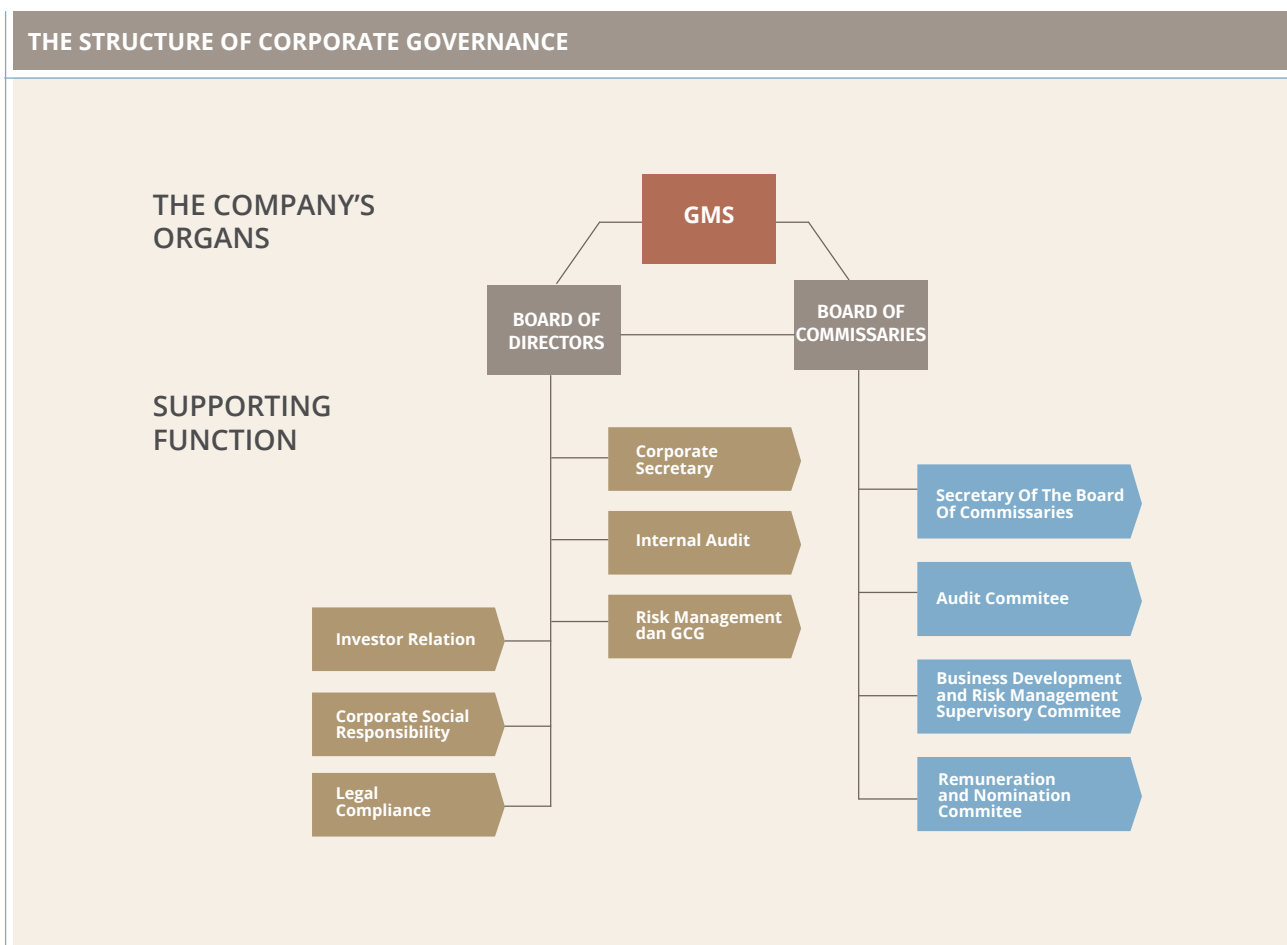
## THE STRUCTURE OF CORPORATE GOVERNANCE

In accordance with the Law No. 40 of 2007 on Limited Liability Companies, the Company's Organs consist of:

- General Meeting of Shareholders, abbreviated as GMS, is the Company's organ having authority which is not granted to the Board of Directors or Board of Commissioners within the limits stipulated in the Law of Limited Liability Company No. 40 of 2007 and/or the Articles of Association;
- The Board of Commissioners is an organ of the Company which is in charge of supervising in general and or in accordance with the Articles of Association and providing advice to the Board of Directors;
- The Board of Directors is authorized and fully responsible for the management of the Company for the interests of the Company, in accordance with the purposes and objectives of the Company and to represent the Company both inside and outside the court in accordance with the provisions of the Articles of Association.

The Company's organs play a key role in the successful implementation of GCG. The Company's organs perform their functions in accordance with the provisions of legislation, the Company's Articles of Association and other provisions on the basis of the principle that each organ has an independence in performing its duties, functions, and responsibilities for the interests of the Company.

In carrying out the management of the Company and making all decisions, the Company's organs continue to comply with laws and regulations, uphold the value of business ethics, and recognize the Company's responsibility to its stakeholders.



## THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE IN PUBLIC COMPANIES

The implementation of Good Corporate Governance (GCG) in a public company is under the Regulation of the Financial Services Authority (FSA) No. 21/POJK.04/2015 concerning Implementation of Public Company Governance Guidelines set forth on November 16, 2015 and Circular Letter of the Financial Services Authority No. 34/SEOJK.04/2015 on Public Company Governance Guidelines set forth on November 17, 2015.

Public Company Governance Guidelines cover 5 aspects, 8 principles of good corporate governance, and 25 recommendations on the implementation of GCG aspects and principles. The five aspects of public company governance include:

- a. Relationship between Public Companies with Shareholders in Guaranting the Rights of Shareholders;
- b. Functions and Roles of the Board of Commissioners;
- c. Functions and Roles of the Board of Directors;
- d. Stakeholder Participation;
- e. Information Disclosure.

The recommendations of public company governance as set forth in the Public Company Governance Guidelines implemented at PGN are as follows:

Aspect	Principle	Recommendation	Implementation at PGN
1. Relationship between Public Companies with Shareholders in Guaranting the Rights of Shareholders.	1. Increasing the value of General Meeting of Shareholders (GMS).	1. Public Company has technical means or procedures of voting either openly or closedly, which prioritizes the independence and interests of shareholders.	<ol style="list-style-type: none"> <li>1. The technical procedures of voting are stipulated in the Articles of Association of PGN Article 25 on the "Quorum, Voting Rights, and Resolutions of the General Meeting of Shareholders", stipulating provisions concerning the quorum of attendance and decision as well as the voting mechanisms.</li> <li>2. The Procedures of the 2017 Annual GMS were read by the MC before the event began and their booklets were distributed to all shareholders who present.</li> </ol>
		2. All members of Board of Directors and members of Board of Commissioners of Public Company are present at Annual GMS.	All members of the Board of Directors and Board of Commissioners were present at the Annual GMS, as evidenced by the Attendance List signed by all members of the Board of Directors and Board of Commissioners.

Aspect	Principle	Recommendation	Implementation at PGN
		<p>3. Summary of minutes of the GMS is available on the Public Company Website for at least one year.</p>	<p>In 2017, PGN only conducted one GMS, which is Annual GMS on May 4, 2017. As of the end of December 2017, the summary of minutes of the Annual GMS is still available on the PGN website.</p>
	<p>2. Improving the quality of Public Company's communication with Shareholders or Investors.</p>	<p>1. Public Company has a communication policy with its shareholders/investors.</p>	<p>Communication and delivery of information from companies to shareholders/investors are conducted in the form of information disclosure based on the FSA Regulation No. 31/POJK.04/2015 on Disclosure of Information or Material Facts by Issuers or Public Companies or clarification of media coverage through FSA and Stock Exchange. In addition, Investor Relations Division conducts delivery of information to investors among others, through programs such as non-deal roadshow, one-on-one meeting, analyst/investor conference, or site visit to PGN assets.</p>
		<p>2. Public Company discloses its communication policy with shareholders/investors on website.</p>	<p>Every quarter, presentation materials for shareholders and investors are displayed on the Company's website, in order to apply equality of information to all shareholders.</p>

Aspect	Principle	Recommendation	Implementation at PGN
2. Functions and Roles of the Board of Commissioners.	1. Strengthening the membership and composition of Board of Commissioners.	1. Determination the number of members of Board of Commissioners to consider the conditions of Public Company.	The number of members of the Board of Commissioners is in accordance with the conditions of the Company. It consists of 6 members and 2 of which are Independent Commissioners in accordance with the provisions of the FSA Regulation No. 33/POJK.04/2014.
		2. Determination of the composition of members of the Board of Commissioners to consider the diversity of skills, knowledge, and experiences required.	The composition of the Board of Commissioners has met the diversity of skills, knowledge, and experiences required by the Company.
	2. Improving the quality of duties and responsibilities of Board of Commissioners.	1. Board of Commissioners has self-assessment policy to assess its performance.	The performance assessment of members of the Board of Commissioners uses self-assessment.
		2. Self-assessment policy to assess Board of Commissioners' performance is disclosed in Annual Report of Public Company.	The self-assessment policy is disclosed in the Annual Report.
		3. Board of Commissioners has a policy related to the resignation of members of Board of Commissioners in the event of financial crimes.	The Company's Articles of Association Article 14, paragraph 16, there are policies related to the resignation of members of the Board of Commissioners but not specific about financial crimes.
		4. Board of Commissioners or Committees performing Nomination and Remuneration functions formulate a succession policy in the process of Nomination of members of Board of Directors.	PGN already has Nomination and Remuneration Committee, which develops a succession policy in the nomination process of members of the Board of Directors.

Aspect	Principle	Recommendation	Implementation at PGN
3. Functions and Roles of the Board of Directors.	1. Strengthening the membership and composition of Board of Directors.	1. Determination of the number of members of Board of Directors to consider the conditions of Public Company and the effectiveness of decision making.	The number of members of the Board of Directors of PGN consists of 6 persons, as needed by considering the current condition of the Company. Members of the Board of Directors who oversee the financial function have experiences and knowledge in the field of finance for approximately 24 years.
		2. Determination of the composition of members of Board of Directors to take into account the diversity of expertise, knowledge, and experiences required.	Each member of the Board of Directors has the expertise, knowledge, and experiences, in the fields required by the Company.
		3. Members of Board of Directors in charge of accounting or finance have expertise and/or knowledge in accounting.	Each member of the Board of Directors has the expertise, knowledge, and experiences, in the fields required by the Company.
	2. Improving the quality of duties and responsibilities of the Board of Directors.	1. Board of Directors has a self-assessment policy to assess its performance.	The Board of Directors has determined performance measures based on the Company's KPI done by self-assessment except for the criteria of KPKU achievement, customer satisfaction, and GCG implementation.
		2. A self-assessment policy to assess the performance of Board of Directors is disclosed through Annual Report of Public Company.	Directors' KPI realization was published in the Annual Report year 2017 in the Company and Directors Performance Assesment.
		3. Board of Directors has a policy related to the resignation of members of Board of Directors if involved in financial crimes.	In the Company's Articles of Association and Board Manual, the resignation of members of the Board of Directors has been regulated, which refers to the regulations of SOEs and FSA.

Aspect	Principle	Recommendation	Implementation at PGN
4. Stakeholder Participation.	1. Improving the aspect of corporate governance through stakeholder participation.	1. Public Company has a policy to prevent the occurrence of insider trading.	The Company has a policy to prevent insider trading, which is related to the management and information, whether it is confidential or publicly stated in the Resolution of the Board of Directors No. 011000.K/132/UT/2006 on Corporate Information Management Policy Chapter III Article 9 on Basic Principles of Information Disclosure.
		2. Public Company has anti-corruption and anti-fraud policies.	Anti-corruption and anti-fraud policies are included in the policy on ethical codes, policies on conflict of interest and gratification control, and procurement policies. The Company prevents communication between workers and suppliers by conducting auctions through e-procurement system.
		3. Public Company has policies on selection and upgrading of suppliers or vendors.	PGN already has a policy on selection and upgrading of suppliers or vendors. Only suppliers that have been registered in the List of Selected Goods and Services Providers (DPT), which can follow the procurement of goods and services held by the Company.
		4. Public Company has a policy for the fulfillment of creditor rights.	PGN has Guidelines of Business Ethics and Work Ethics that regulate creditor rights, including the right to obtain information on the use of funds in accordance with the engagement agreement and the provisions of legislation.

Aspect	Principle	Recommendation	Implementation at PGN
5. Information Disclosure.		5. Public Company has a whistle-blowing system policy.	PGN has already had Whistle-Blowing Guidance with the Resolution of the Board of Directors No.066303.K/PW.01/UT/2013 dated December 24, 2013 on WBS Guidelines.
		6. Open Company has a policy of providing long-term incentives to Board of Directors and Employees.	PGN provides long-term incentives for the Board of Directors in the form of official housing allowances and for the employees of certain levels in the form of car installments included in the agenda of Annual GMS, while incentives for employees are regulated in PKB and the Board of Directors' SK.
	1. Increasing information disclosure.	1. Public Company use information more broadly than website as a medium for information disclosure.	In addition to utilizing website, PGN also uses information technology integrated with the Stock Exchange and FSA in disclosure of information. Besides that, social media also became the media of the Company's disclosure of information to the public.
		2. Annual Report of Public Company discloses ultimate beneficial owner of Public Company's share ownership of at least 5%, besides disclosure of ultimate beneficial owner through principal shareholders and controllers.	The Company's 2016 Annual Report has listed Share Ownership of 5% or more.

## THE ASSESSMENT RESULT OF GOOD CORPORATE GOVERNANCE

The implementation of the Company's GCG assessment in 2017 commences from September 18, 2017 to November 16, 2017 by PT Citra Solusi Manajemen. Parameters used in the assessment were in accordance with the Decree of the Secretary of the Minister of SOEs No. SK-16/S.MBU/2012 dated June 6, 2012 on the Assessment and Evaluation Indicators/Parameters of the Implementation of Good Corporate Governance in State-Owned Enterprises.

The evaluation of the GCG tested six aspects:

1. The Commitment to the Implementation of Sustainable Governance;
2. The Shareholders and General Meeting of Shareholders/Capital Owners;
3. The Board of Commissioners/Board of Supervisors;
4. The Board of Directors;
5. Disclosure of Information and Transparency;
6. Other Aspects.

GOOD PRACTICE OF GOOD CORPORATE GOVERNANCE ASSESSMENT RESULT YEAR 2017				
Assessment Aspect	Maximum Score	Achieved Score	% Achievement	Good Practice that has been conducted by PT PGN (Persero) Tbk
Commitment to Sustainable Implementation of Corporate Governance	7,000	6,848	97.83%	The Company has GCG Code and Code of Conduct, which have been reviewed and updated periodically.
				The Company has consistently implemented GCG Code and Code of Conduct.
				The Company makes measurements on the implementation of Good Corporate Governance.
				The Company coordinates the management and administration of the Official Wealth Report ( <i>LHKPN</i> ).
				The Company carries out the gratuity control program in accordance with applicable regulations.
				The Company executes a policy on the Whistleblowing System.
Shareholders and GMS/Capital Owners	9,000	8,827	98.08%	The shareholders/GMS has conducted the appointment and dismissal of the Board of Directors including determining the composition of members of the Board of Directors in accordance with the provisions referring to the set forth guidelines.
				The shareholders/GMS has conducted the appointment and dismissal of the Board of Commissioners including determining the composition of members of the Board of Commissioners in accordance with the provisions referring to the set forth guidelines.



**GOOD PRACTICE OF GOOD CORPORATE GOVERNANCE ASSESSMENT RESULT YEAR 2017**

Assessment Aspect	Maximum Score	Achieved Score	% Achievement	Good Practice that has been conducted by PT PGN (Persero) Tbk
The Board of Commissioners/The Board of Supervisory	35,000	31,994	91.41%	The shareholders/GMS has provided the necessary decisions to safeguard the Company's long-term and short-term interests in accordance with laws and regulations in the long and short-terms in accordance with the laws and regulations and the Articles of Association of the Company.
				The GMS has given approvals for annual reports including the approval for financial statements as well as supervisory duties of the Board of Commissioners in accordance with the laws and regulations and/or the Articles of Association.
				The GMS makes a decision through an open, fair and accountable process.
				The shareholders have implemented GCG in accordance with their authority and responsibility.
				The Board of Commissioners has participated in introduction program and implemented training/development programs continuously.
				The Board of Commissioners has clearly divided tasks, authorities, and responsibilities, and determines the factors needed to support the implementation of its duties.
				The Board of Commissioners has approved and ratified the RJPP and RKAP submitted by the Board of Directors.
				The Board of Commissioners has directed the Board of Directors on the implementation of the Company's plans and policies.
				The Board of Commissioners has supervised the Board of Directors on the implementation of the Company's plans and policies.
				The Board of Commissioners has supervised the management of subsidiaries.
The Board of Commissioners has played a role in nominating the members of the Board of Directors, assessed its performance, and proposed tantiem/performance incentives in accordance with applicable provisions and by considering their performance.				

1  
PERFORMANCE  
OVERVIEW

2  
REPORT TO THE  
SHAREHOLDERS

3  
COMPANY PROFILE

4  
MANAGEMENT DISCUSSION  
AND ANALYSIS

5  
GOOD CORPORATE  
GOVERNANCE

6  
CORPORATE SOCIAL  
RESPONSIBILITY

7  
CONSOLIDATED FINANCIAL  
STATEMENT

8  
REGULATORY  
CROSS REFERENCE

## GOOD PRACTICE OF GOOD CORPORATE GOVERNANCE ASSESSMENT RESULT YEAR 2017

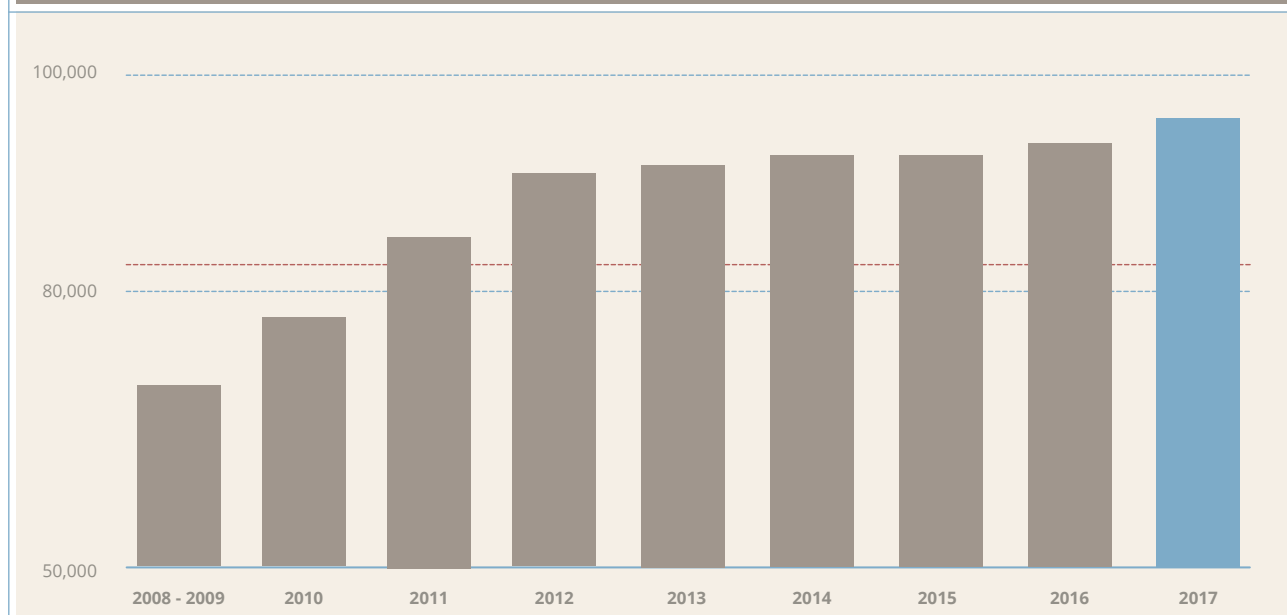
Assessment Aspect	Maximum Score	Achieved Score	% Achievement	Good Practice that has been conducted by PT PGN (Persero) Tbk
The Board of Directors	35,000	33,094	94.56%	The Board of Commissioners has taken actions against potential conflicts of interest concerning themselves.
				The Board of Commissioners has monitored and ensured that good corporate governance practices have been implemented effectively and sustainably.
				The Board of Commissioners has conducted effective Board of Commissioners Meetings and attended them in accordance with the provisions of the laws.
				The Board of Commissioners has had Secretary of the Board of Commissioners to support its secretariat duties.
				The Board of Commissioners has had effective Board of Commissioners' Committees established to support its duties.
				The Board of Directors has participated in introduction program and implemented training/development programs continuously.
				The Board of Directors has clearly divided duties/functions, authorities, and responsibilities.
				The Board of Directors has developed the Company's plans.
				The Board of Directors has played a role in fulfilling the Company's performance targets.
				The Board of Directors has carried out operational and financial controls on the implementation of the Company's plans and policies.
				The Board of Directors has carried out the management of the Company in accordance with the prevailing laws and regulations and the Company's Articles of Association.
				The Board of Directors has implemented value-added relationships for the Company and stakeholders.
				The Board of Directors has monitored and managed potential conflicts of interest of the members of the Board of Directors and the management under the Board of Directors.

GOOD PRACTICE OF GOOD CORPORATE GOVERNANCE ASSESSMENT RESULT YEAR 2017				
Assessment Aspect	Maximum Score	Achieved Score	% Achievement	Good Practice that has been conducted by PT PGN (Persero) Tbk
Disclosure of Information and Transparency	9	8,847	98.30%	The Board of Directors has ensured that the Company conducts information and communication disclosure in accordance with the prevailing laws and regulations and conveyed information to the Board of Commissioners and Shareholders.
				The Board of Directors has held the Board of Directors' Meetings and attended the Board of Commissioners Meetings in accordance with the provisions of the laws.
				The Board of Directors has conducted a qualified and effective internal supervision.
				The Board of Directors has performed qualified and effective functions of Corporate Secretary.
				The Board of Directors has organized GMSs according to the laws and regulations.
				The Company has provided corporate information to stakeholders.
Other Aspects	5,000	5,000	100%	The Company has provided stakeholders with access to relevant, adequate, and reliable corporate information in a timely and periodic manner.
				The Company has disclosed important information in Annual Reports and Financial Statements in accordance with the laws and regulations.
				The Company has been awarded various awards in the field of GCG and other fields.
				The achievement of maximum score on this aspect has fulfilled the provisions contained in the parameters that there is no deviation to GCG principles by the Company. The Company even has an area of best practice and becomes a benchmark for other companies. One of them is PT Timah (Persero) Tbk. that makes aspects of HR management as its benchmark. In addition, the Company has also obtained various awards as evidence of best achievement of the Company's performance.
<b>Overall Score</b>	<b>100,000</b>	<b>94,610</b>	<b>94.61%</b>	
<b>The Rating of GCG Implementation Quality</b>				<b>Excellent</b>

The implementation of GCG is continuously actualized by the Company by conducting an evaluation of the implementation of GCG. In the 2017, the Company achieved 94,610 or valued EXCELLENT; an increased from previous year, i.e. 93,938. Details of the results of the assessment are as follows:

No.	Aspects of GCG Testing Assessment (New Parameter)	Weight	Year 2017		Year 2016		Year 2015		Year 2014		Year 2013	
			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	6,848	97.83	6,772	96.74	6,679	95.42	6,826	97.52	5,566	79.51
2.	The Shareholders and General Meeting of Shareholders/ Capital Owners	9	8,827	98.08	8,827	98.08	8,462	94.02	8,561	95.12	8,518	94.64
3.	The Board of Commissioners	35	31,994	91.41	31,994	91.41	31,902	91.15	30,187	86.25	31,364	89.61
4.	The Board of Directors	35	33,094	94.56	32,861	93.89	31,798	90.85	32,906	94.02	32,628	93.22
5.	Disclosure of Information and Transparency	9	8,847	98.30	8,484	94.27	8,477	94.19	8,581	95.35	8,540	94.89
6.	Other Aspects	5	5,000	100.00	5,000	100	4,821	96.00	5,000	100	5,000	100
<b>Total</b>		<b>100</b>	<b>94,610</b>	<b>94.61</b>	<b>93,938</b>	<b>93.94</b>	<b>92,140</b>	<b>92.14</b>	<b>92,061</b>	<b>92.06</b>	<b>91,616</b>	<b>91.62</b>

## SKOR



## ACHIEVEMENT AND RATINGS

Level	Achievement	Rating
1	85 < ≤ 100	Excellent
2	75 < ≤ 85	Good
3	60 < ≤ 75	Fair
4	50 < ≤ 60	Poor
5	≤ 50	Very Poor

**RECOMMENDATION OF ASSESSMENT RESULTS & REASONS NOTES / NOT IMPLEMENTED**

Based on the results of the GCG assessment in 2017, the following recommendations recommend the assessment of each criterion:

No.	Aspects of GCG Assessment	Recommendations of the Assessment Results	Reasons Why Not/Not Yet Implemented
1	The Commitment to the Implementation of Sustainable Governance	The Company has not conducted a dissemination program on Gratification Control to stakeholders.	Will be implemented in 2018
2	The Shareholders and General Meeting of Shareholders/Capital Owners	In the resolutions of the GMS, the reasons for dismissal of the members of the Board of Directors and Board of Commissioners have not been fully described.	Reasons for dismissal is the sole right of A Series Dwiwarna shareholder.
3	The Board of Commissioners	1. The provisions on the time standard or urgency level for communicating decisions taken by the Board of Commissioners to the Board of Directors has not been fully regulated.	Will be implemented in 2018
		2. The Board Manual has not set the provisions on the duties and responsibilities of the Board of Commissioners to formulate its annual work plan as well as measure and self-assess its performance.	
		3. The Board Manual has not set the provisions on the duties and responsibilities of the Board of Commissioners to supervise several policies and their implementation, among others, related to IT system policy, human resource management policy, accounting policy, and financial reporting, procurement policy, quality and service policy, subsidiaries/joint venture management policy as well as the compliance of the Board of Directors in enforcing applicable laws and regulations and agreements with third parties.	
		4. The Board Manual has not set policy and selection criteria for candidates for the Board of Directors, nomination of candidates for the Board of Directors to the Shareholders and proposal for remuneration for members of the Board of Directors.	
		5. The provisions on guidelines/procedures of the Board of Commissioners' meetings in the Board Manual have not fully regulated the ethics of the meetings and the evaluation of the follow-up of the results from the previous meetings.	

No.	Aspects of GCG Assessment	Recommendations of the Assessment Results	Reasons Why Not/Not Yet Implemented
4	The Board of Directors	6. The Nomination, Remuneration, and GCG Committee does not have a committee charter and has not yet developed an annual work plan that guides the Nomination, Remuneration, and GCG Committee in carrying out its duties and responsibilities.	
		1. The provisions on the urgency level to communicate the Board of Directors' decisions to the organizational level under the Board of Directors have not been regulated.	Will be implemented in 2018
		2. In particular, the Company does not have any regulations or explanation regarding the protection of creditor's rights and interests as a form of the Company's commitment related to its relationship with creditors.	
		3. Related to the implementation of OHS, in 2017 there were two fatalities.	
		4. There are problems regarding bad debts related to the implementation of <i>PKBL</i> program so that it affects the collectivity level of loan payments.	
		5. The provisions concerning the guidelines/ procedures of the Board of Directors' meetings in the Board Manual have not fully regulated the ethics of the meetings and the evaluation of the follow-up of the results from the previous meetings.	
		6. The number of auditors in the Internal Audit Division is not fully in line with the workload and current needs of the Company.	
		7. The Head of the Internal Audit Division has not received certification of audit profession.	
8. The PKAT draft has not been submitted to the Board of Commissioners, Audit Committee for consideration and suggestions.			

No.	Aspects of GCG Assessment	Recommendations of the Assessment Results	Reasons Why Not/Not Yet Implemented
5	Disclosure of Information and Transparency	9. In relation to the information contained in the Company's website, the Corporate Secretary has not fully updated the information presented on the Company's website.	Disclosure of information in the Annual Report will be adjusted to the ARA criteria.
		10. The minutes of the Board of Directors' meetings have not fully contained the dynamics of the meetings.	
		1. The Draft Policy on Corporate Information Management still has not been approved.	
		2. The Company has not had a policy on managing and updating of the Company's website.	
6	Other Aspects	No recommendations	-

### THE STRENGTHENING THE IMPLEMENTATION OF GCG IN PGN

In order to strengthen the implementation of GCG in PGN, during 2017 the Company achieves programs that include:

#### 1. Socialization and Internalization

PGN disseminated and internalized the GCG Guidelines to all PGN Group Workers as the basis for the implementation of GCG principles in the Company's activities. This communication and socialization process aims to provide an understanding of the GCG guidelines that exist in PGN. The list of socialization and internalization of GCG implementation in the Company which has been implemented in 2017, among others:

No.	Date	Agenda
1	November 27 – 28, 2017	GCG Training for Vice President (VP) Level – Batch 1 at Grand Kemang Hotel, Jakarta
2	December 11 – 12, 2017	GCG Training for Vice President (VP) Level – Batch 2 at Aston Simatupang Hotel, Jakarta
3	March 29, 2017	1. Socialization of GCG referring to ACGS to Subsidiaries (PGASSOL)
		2. Socialization of GCG referring to ACGS to Subsidiaries (GEI)
4	March 30, 2017	1. Socialization of GCG referring to ACGS to Subsidiaries (PGN LNG)
		2. Socialization of GCG referring to ACGS to Subsidiaries (PGASCOM)
5	March 30, 2017	1. Socialization of GCG referring to ACGS to Subsidiaries (PERMATA)
		2. Socialization of GCG referring to ACGS to Subsidiaries (KJG)
6	April 3, 2017	1. Socialization of GCG referring to ACGS to Subsidiaries (TGI)
		2. Socialization of GCG referring to ACGS to Subsidiaries (SEI)
7	April 3, 2017	1. Socialization of GCG referring to ACGS to Subsidiaries (NR)
		2. Socialization of GCG referring to ACGS to Jakarta Sales Area
8	April 3, 2017	Socialization of GCG referring to ACGS to Bekasi Sales Area
9	April 3, 2017	Socialization of GCG referring to ACGS to Bogor Sales Area
10	April 3, 2017	Socialization of GCG referring to ACGS to Surabaya, Sidoarjo and Pasuruan Sales Area

2. Whistle-Blowing System Management

The management and evaluation of the whistle-blowing system have been conducted internally from the organ of the whistle-blowing system, the management of violation reporting, and the protection against the whistle-blowers.

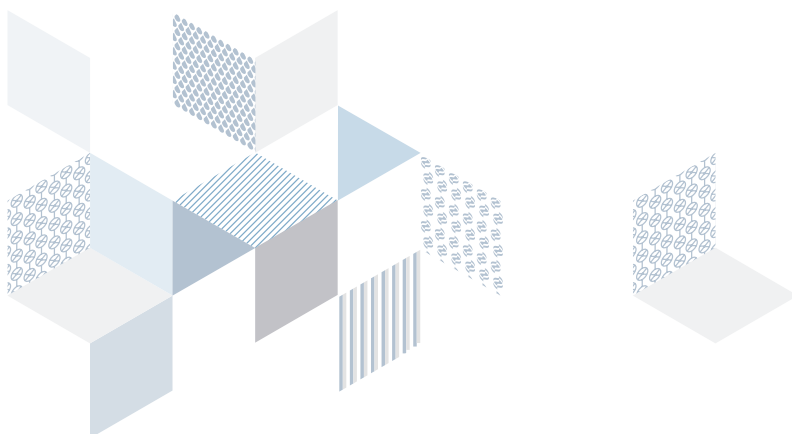
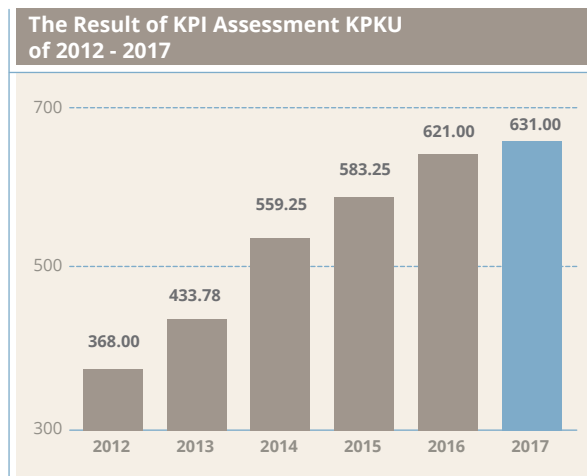
3. KPKU Measurement

To improve the Company’s performance, since 2012 the Company has changed the application of the criteria of superior performance assessment from Balance Scorecard to KPKU adopted from Malcolm Baldrige. The implementation is based on the Letter of the Ministry of State-Owned Enterprises No. S-08/S.MBU/2013 dated January 16, 2013 concerning the Notification of Guidelines on KPI Determination and Criteria of Superior Performance Assessment on SOEs. Based on the results of the 2017 KPKU assessment, the Company obtained 631 or at Emerging Industry Leader level.

4. The Implementation of ISO and OHSMS

PGN has applied ISO 9001 Quality Management System since 1999 which is marked by obtaining Certification by LRQA Certification Agency, Lloyd Register Indonesia or abbreviated as LRI. As an internationally recognized tool, the ISO 9001 standard has also undergone several changes to adjust the development of the times. In 2015, precisely September 2015, ISO 9001 has undergone the latest changes, namely the enactment of ISO 9001 Standard 2015 version. With the enactment of this ISO 9001:2015 standard, according to the rules of the International Organization for Standardization, for all organizations that have implemented and get ISO 9001:2008 certification given the opportunity for 3 years to make the transition to the new version. In other words, ISO 9001:2008 certification is only valid until September 2018.

PGN as a Public Company, has gained a lot of benefits over the implementation of ISO 9001 standards. ISO 9001 as a management tool, has assisted PGN in organizing and running its Management System or Work System to achieve the achievements that can be felt today. PGN is also always trying to update the implementation of the latest version of ISO 9001 standard. Since 2016, PGN has taken a strategic step by starting the preparation process for the implementation of ISO 9001:2015.





One of the certificates obtained is the Health and Safety Management System Certificate (SMK3) in accordance with Government Regulation No.50 of 2012 on SMK3. In addition to national certification, PGN's Safety Management System has also been implemented following the international standard of OHSAS 18001:2007 certified by PT Lloyd Register Indonesia. PGN also obtained ISO 14001: 2004 certification in all Operation Areas as the realization of the implementation of Environmental Management System (SML) within the Company as well as compliance with Government policy. In addition, to ensure customer satisfaction, PGN has implemented ISO 9001: 2008 which is an international standard for quality management. During 2017, PGN activities related to the implementation of ISO 9001 are as follows:

No.	Activities	Time
1	The preparation of SMM ISO 9001: 2015 documentation was implemented in March - July 2017.	March – July 2017
2	Introductory Training for SMM ISO 9001: 2015 and Internal Quality Audit (2 batch @50 persons)	July 10 – 11 2017
3	Internal Quality Audit of SMM ISO 9001: 2015 along with Socialization	July 17 – 18, 2017
4	Assistance of SMM ISO 9001: 2015 to Subsidiaries/Affiliates including PGASOL, PGNMAS, GEI, and PGASCOM	July 24 – August 4, 2017
5	Management Review of SMM ISO 9001 : 2015	October 11 – 12, 2017
6	Monitoring the Portal of Work Reference Documents (DAK) to ICT Division to the Development Planning of DAK Portal Audit of ISO 9001: 2015	November 7, 2017
7	Audit ISO 9001:2015 Certification by LRQA Certification Agency	November 7, 2017
8	SMM ISO 9001: 2015 to prepare extend scope to Lampung and Semarang Sales Area	November 24 – 30, 2017

In the closing meeting of the certification audit, the LRQA Certification Board recommends PGN to obtain the ISO 9001: 2015 Quality Management System Certification. This is a new milestone, which states that PGN will continue to make sustainable improvements while prioritizing risk-based thinking.

#### 5. Measurement of GCG Implementation

Based on the parameters set by the Ministry of SOEs and the assessment conducted by the Independent party. The achievement of PGN value in the year of 2017 is 94.61 or assessed VERY GOOD and increase from previous year that is 93,938.

#### 6. Gratification Control

As a commitment to implement the principles of Good Corporate Governance, PT Perusahaan Gas Negara (Persero) Tbk, stipulates the Conflict of Interests and Gratification Control Policy of the Board of Directors of PT PGN (Persero) Tbk. No. 018401.K/OT.03/UT/2014 dated October 1, 2014, as the basis for the implementation of gratification control to encourage business ethics and work ethics and prevent conflict of interest and fraud.

The management of gratification control is carried out by the Gratification Control Unit (*UPG*) which is currently an ad hoc team under the Internal Audit Division.

*UPG* has the duty and authority to socialize the provisions of gratuities, conduct anti-gratuity campaigns, receive, process, and confirm gratification reports, as well as report the results of gratuity control to the Board of Directors and Corruption Eradication Commission (*KPK*) regularly. In carrying out its duties, *UPG* can also coordinate with and request assistance from the *KPK*.

In the course of 2017 there was no reporting of gratification in the Company which was later reported to the *KPK*, where there was a decrease in the number of reports from the previous year. This is an indicator of increased awareness of business ethics and work ethics that are often socialized to internal and external companies, in order to avoid gratification in the corporate environment.

7. Signing of Integrity Pact for all providers of goods/services and functions of procurement of good/services
- Procurement of goods and services of the Company, regulated in the Guidelines on Procurement of Goods/Services No.010300.K/LG.01/PDO/2016 dated August 1, 2016, which replaces Guidance on Procurement of Goods/Services based on PGN Directors Decree No. 003300.K/LG.01/UT/2014 dated March 7, 2014 to accommodate the change of organizational structure of PGN so as to support the implementation of procurement of goods/services quickly, efficiently and effectively. As a form of commitment of the Company in the implementation of good corporate governance, all providers of goods/services as well as functions of goods/services procurement services are required to sign an Integrity Pact that contains a commitment to:
- Conducting procurement of goods/services based on the principles of good faith, with high accuracy, and in a state of free, independent or not under pressure, as well as the influence of other parties (independency);
  - Take decisions with due care (duty of care and loyalty);

- Not making decisions for personal or affiliated interests and thus having no potential conflict of interest rule;
- Carry out the procurement process with sufficient understanding of the various relevant normative rules and obligations, and comply with all applicable laws and regulations, including taking into consideration the best practices that are deemed necessary, important and critical in the procurement process (duty abiding the laws).

## GENERAL MEETING OF SHAREHOLDERS (GMS)

The General Meeting of Shareholders (GMS) is the highest organ of the Company and has the authorities that are not granted to the Board of Directors or the Board of Commissioners, within the limits specified in the laws and regulations or the Articles of Association. As a public company, the GMS is a communication forum between the Board of Directors and the Board of Commissioners with the shareholders of the Company. In accordance with Law No. 40 of 2007 concerning Limited Liability Companies, the GMS consists of Annual GMS, held once a year, and Extraordinary GMS, which may be held at any time upon request of any of the Company's organs.

### SHAREHOLDERS COMPOSITION

The GMS, which consists of the shareholders of the Company, is divided into two share classifications, i.e.:

1. Series A Dwiwarna Shares owned by the Republic of Indonesia, represented by the Government c.q. the Minister of State-Owned Enterprises (SOE) in the amount of one share or Rp100.
2. Series B Shares, owned by:
  - a. The Republic of Indonesia, represented by the Government c.q. the Minister of State-Owned Enterprises (SOE) as many as 13,809,038,755 shares or equivalent to Rp1,380,903,875,500;
  - b. The general public as much as 10,432,469,440 or equivalent to Rp1,043,246,944,000.

Detailed information on the composition of shareholders can be found in the Company Profile section of this Annual Report.

## SHAREHOLDERS RIGHTS

In general, the shareholders have the following rights:

1. The right to receive dividends distributed by the Company from profits already determined to be distributed as dividends in the Annual GMS;
2. The right to maintain the relative amount of shares owned by purchasing new shares issued by the Company (or called pre-emptive right);
3. The right to require the accountability of the Board of Commissioners and the Board of Directors in relation to the management of the Company;
4. The right to appoint and dismiss the 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 material transactions and transactions that have conflict of interest;
8. The right to consent to merger, consolidation, acquisition, separation, and the dissolution of the Company;
9. Other rights in accordance with the Company's Articles of Association and the laws and regulations.

The A Series Dwiwarna Shareholder (golden share) grants the holder the privilege not possessed by the B Series Shareholders, and may veto at the time of vote in the GMS to determine a decision. The Series A Dwiwarna Shareholder privileges are as follows:

1. The right to approve in the GMS on the following matters:
  - a. Approval of amendment to the Articles of Association;
  - b. Approval of changes in capital;
  - c. Approval Appointment and dismissal of members of the Board of Directors and Board of Commissioners;
  - d. Agreement relating to mergers, consolidations, acquisitions, segregation and dissolution;
  - e. Approval of remuneration of members of the Board of Directors and Board of Commissioners;
  - f. Approval of the transfer of assets under the control of the GMS;

- g. Approval on the participation and reduction of the percentage of equity participation in other companies which is the authority of the GMS;
  - h. Approval of profit use;
  - i. Agreement on non-operational long-term investments and financing under the jurisdiction of the GMS.
2. The right to nominate candidates for members of the Board of Directors and candidates for members of the Board of Commissioners;
  3. Right to propose the agenda of the GMS;
  4. The right to request and access corporate data and documents; with the mechanism for the use of such rights in accordance with the provisions of the Articles of Association and the laws and regulations.

## INFORMATION ACCESS TO SHAREHOLDERS

Distribution of information to shareholders by the Company is conducted in a timely and accurate manner on all material information as well as information related to the management of the Company. Distribution of such information is made through:

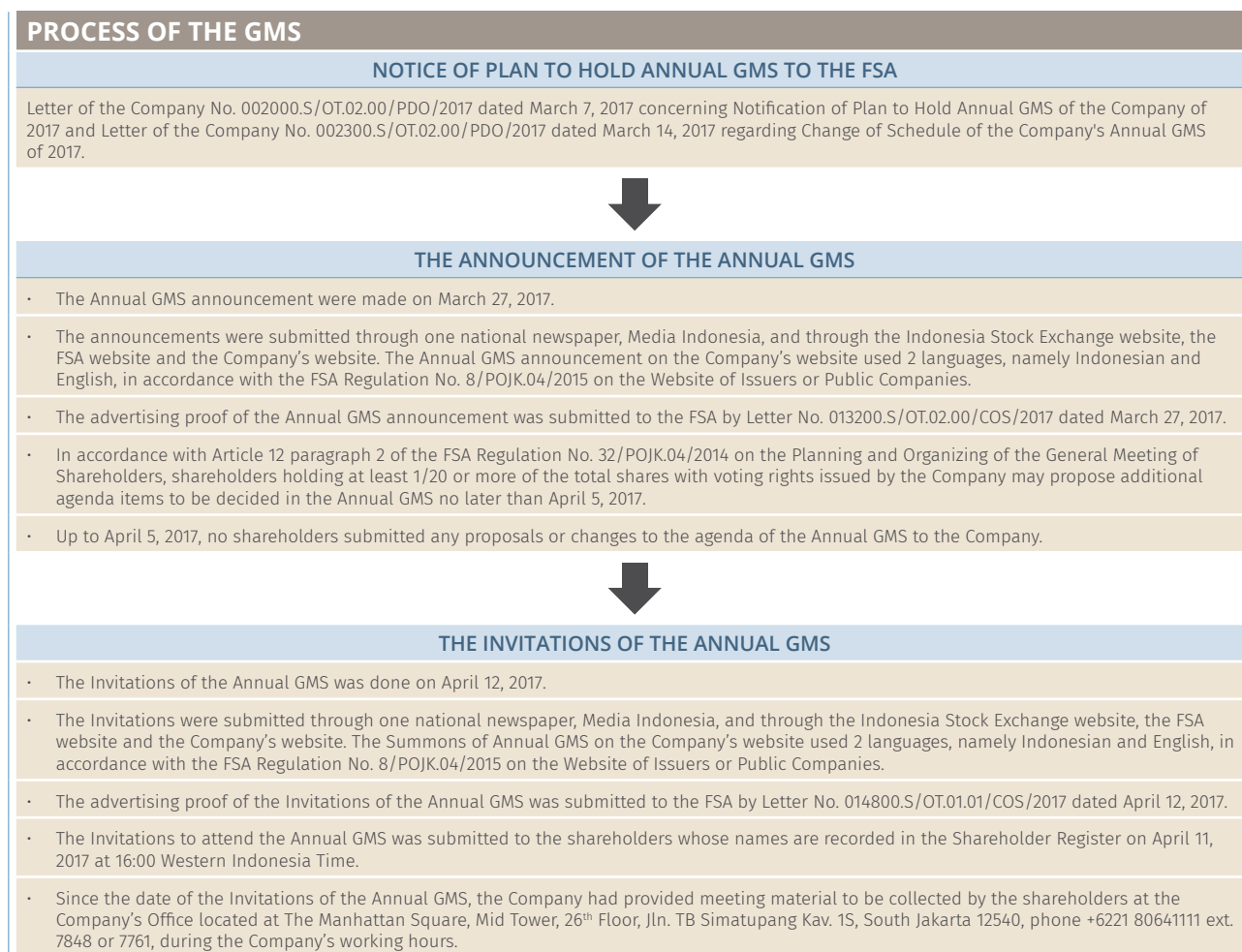
1. Information disclosure of material information or facts; This information disclosure mechanism is based on the Financial Services Authority Regulation No. 31/POJK.04/2015 on Disclosure of Material Information or Facts by Issuers or Public Companies;
2. Information provided to the Stock Exchange and FSA for reporting in the mass media concerning the Company;
3. Information provided through Investor Relations Division;
4. Information through the Company's website
5. Information obtained by the shareholders or investors and potential investors in non-deal roadshow events, meetings with analysts and so on.

Detailed information on the composition of shareholders can be found in Information Access for Shareholders in this Chapter.

## 2017 ANNUAL GMS

Throughout the year 2017, PGN only conducted one GMS, that was, the Annual GMS held on May 4, 2017, at the Four Seasons Hotel, Jakarta. The GMS was conducted in accordance with Law No. 40 of 2007 on Limited Liability Companies and Financial Services Authority (FSA) Regulations No. 32/POJK.04/2014 on the Planning and Organizing of General Meeting of Shareholders of Public Companies as amended the latest by FSA Regulation No. 10/POJK.04/2017 on Amendment to FSA Regulation No. 32/POJK.04/2014 on the Planning and Organizing of General Meeting of Shareholders of Public Companies.

The organizing process of the GMS was as follows:





### THE ANNUAL GMS

- The Annual GMS was held on May 4, 2017.
- It was held at Grand Ballroom of Four Seasons Hotel, Capital Palace, Jln. Jend. Gatot Subroto Kav. 18, South Jakarta.
- Capital Market Supporting Professionals who also attended the Annual GMS were Public Accounting Firm Tanudiredja, Wibisana, Rintis, and Associates (a member of PricewaterhouseCoopers) as Public Accounting Firm, Hadiputranto, Hadinoto, & Partners and Tjajo & Partners as Legal Consultants, PT Datindo Entrycom as the Securities Administration Bureau. The preparation of the Minutes of GMS was done by Fathiah Helmi S.H. as Notary.
- The meeting was chaired by the President Commissioner of the Company appointed by the Board of Commissioners based on Letter of Appointment No. 08/D-KOM/2017 dated April 11, 2017.
- The meeting was attended by 19,451,702,507 shares, including the Series A Dwiwarna shareholder, which has valid voting rights, or 80.224% of the total number of shares with valid voting rights issued by the Company.
- To facilitate the shareholders to understand the mechanism of the meeting, the Company provided a pocket book containing the Code of Conduct of the Meeting, given to each shareholder before entering the meeting room.
- The shareholders were given the opportunity to ask questions in accordance with the agenda of the Meeting in every item of the agenda discussed in the Annual GMS.
- The voting was done orally. The shareholders who voted in disagreement or abstain were requested to submit their ballots. Especially for the agenda item concerning a particular person, the voting was conducted by a closed letter not signed and all the shareholders presented submitted the ballot.
- The notary recorded the number of "Disagree" votes and "Abstain" votes, then counted the total number of votes. The "Abstain" votes were considered to be the same votes as the majority of the voting shareholders. The notary public announced the number of votes "Agree" and "Disagree" for the agenda item to the present shareholders.



### THE ANNOUNCEMENT OF THE RESOLUTIONS OF THE ANNUAL GMS

- The announcement of the resolutions of the Annual GMS was made on May 8, 2017.
- The announcement of the resolutions of the Annual GMS was submitted through one national newspaper, Media Indonesia, and through the Indonesia Stock Exchange website, the FSA website and the Company's website. The Summons of the Annual GMS was made through the Company's website using 2 languages, Indonesian and English, in accordance with the FSA Regulations No. 8/POJK.04/2015 regarding the Website of Issuers or Public Companies.
- The advertising proof of the Resolutions of the Annual GMS was submitted to FSA by Letter No. 018900.S/OT.02.00/COS/2017 dated May 8, 2017.



### THE SUBMISSION OF OFFICIAL MINUTES OF THE ANNUAL GMS TO THE FSA

- The Official Minutes of the Annual GMS were stated in the Deed of Official Minutes of the Annual General Meeting of Shareholders of PT Perusahaan Gas Negara, Tbk. No. 7 dated May 4, 2017 made by Fathiah Helmi, S.H., Notary in Jakarta.
- A copy of the Deed of Official Minutes of the Annual GMS was submitted to the FSA with letter of the Company No. 027500.S/OT.02.00/COS/2017 dated June 2, 2017 regarding the Submission of the Minutes of the Annual GMS of PT PGN (Persero) Tbk.



## THE RESOLUTIONS OF THE ANNUAL GMS ON MAY 4, 2017 AND THEIR REALIZATIONS

The Resolutions of Annual GMS	Resolution Making	Their Realizations and Reasons
<b>The First Agenda Item:</b>		
Approval of the Company's Annual Report for the Fiscal Year 2016 and the Partnership and Community Development Program ( <i>PKBL</i> ) Report ( <i>PKBL</i> ) for the Fiscal Year 2016 and the Board of Commissioners Supervisory Duty Report for the Fiscal Year 2016.		
Approving the Company's Annual Report for the Fiscal Year 2016 and the Partnership and Community Development Program ( <i>PKBL</i> ) Report for the Fiscal Year 2016 and the Board of Commissioners Supervisory Duty Report for the Fiscal Year 2016.	<p><b>Quorum of Resolution</b> The decision was approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.</p> <p><b>Resolution</b> Agree: 19,414,889,807 votes, atau 99.8107481 %</p> <p>Abstain: 36,812,700 votes, or 0.1892518 %</p> <p>Disagree: 0 votes</p>	-
<b>The Second Agenda Item:</b>		
Ratification the Annual Financial Statements of the Company for 2016, including the Financial Statements of the Partnership and Community Development Program for 2016, and to release and discharge the member of the Board of Directors and the Board of Commissioners of their responsibilities for their action and supervision during 2016.		
1. Ratifies The consolidated Financial Statements of the Company for the financial year ended on December 31, 2016, which has been audited by the Public Accountant Tanudiredja, Wibisana, Rintis & Rekan (a member of PricewaterhouseCoopers), pursuant to the report number dated on March 3, 2017, stating: "fairly, in all material respects, the consolidated financial position of PT Perusahaan Gas Negara (Persero) Tbk. and its subsidiaries as at December 31, 2016, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards."	<p><b>Quorum of Resolution</b> The decision was approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.</p> <p><b>Resolution</b> Agree: 19,412,413,107 suara, atau 99.7980156%</p> <p>Abstain: 36,812,700 suara, atau 0.1892518 %</p> <p>Disagree: 2,476,700 suara, atau 0.0127326%</p>	-

## THE RESOLUTIONS OF THE ANNUAL GMS ON MAY 4, 2017 AND THEIR REALIZATIONS

The Resolutions of Annual GMS	Resolution Making	Their Realizations and Reasons
<p>2. Ratifies the Financial Statements of the Partnership and Community Development Program for Financial Year 2016 which has been audited by the Public Accountant Tanudiredja, Wibisana, Rintis &amp; Rekan (a member of PricewaterhouseCoopers) dated on March 3, 2017, stating: "fairly, in all material respects, the financial position of the Partnership and Community Development Program of PT Perusahaan Gas Negara (Persero) Tbk dated on December 31, 2017, as well as activities and cash flows ended on that date in accordance with the standards of the Financial Accounting Entities Without Public Accountability".</p> <p>3. Grants a full release and discharge (volledig acquit et de charge) to all the members of the Board of Directors and Board of Commissioners for their actions in managing and supervising the Company as well as the Partnership and Community Development Program, provided that the aforementioned actions are stated in the Annual Report and Consolidated Financial Report of the Company for Financial Year 2016 as well as the Financial Statements of the Partnership and Community Development Program of the Company for Financial Year 2016, and those actions are not considered as criminal act or a breach of any prevailing regulations and legal procedures.</p>	<p><b>Quorum of Resolution</b></p> <p>The decision was approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.</p> <p><b>Resolution:</b></p> <p>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>	
<p><b>The Third Agenda Item:</b></p>		
<p>Approval distribution of the Company's net profit, including the dividend for Financial Year 2016.</p>		
<p>1. Approves the Nett Profit of the Company for the financial year ended on December 31, 2016, in the total amount of USD304,324,421 to be utilized as follows:</p> <p>a. Rp1,822,476,586,175 from profit of the year or Rp75.18 per share, will be distributed in cash to the shareholder;</p> <p>b. The remaining will be recorded as a Retained Earnings to support the operational and development of the Company.</p> <p>2. Grants the authority to the Board of Directors with substitution right to stipulate the schedule and arrange the dividend distribution procedure in conformity with the prevailing laws and regulations.</p>	<p><b>Quorum of Resolution</b></p> <p>The decision was approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.</p> <p><b>Resolution</b></p> <p>Agree: 19,403,097,307 votes, or 99.7501237%</p> <p>Abstain: 44,695,000 votes, or 0.2297742%</p> <p>Disagree: 3,910,200 votes, or 0.0201021%</p>	<p>Cash dividends were distributed on June 7, 2017.</p>

## THE RESOLUTIONS OF THE ANNUAL GMS ON MAY 4, 2017 AND THEIR REALIZATIONS

The Resolutions of Annual GMS	Resolution Making	Their Realizations and Reasons
<p><b>The Forth Agenda Item:</b></p>		
<p>Approval of the tantiem of the Board of Directors and the Board of Commissioners for 2016 as well as salary, facilities, and allowance for Financial Year 2017.</p>		
<p>1. Grants authority and power to Series A Dwiwarna Shareholder to determine the amount of tantiem for financial year 2016, as well as to determine the salary, allowances, facility and other incentives for the Board of Commissioners for Financial Year 2017.</p>	<p><b>Quorum of Resolution</b> The decision was approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.</p>	<p>By letter No. S-42/D2.MBU/06/2016 dated June 21, 2017, the Minister of SOEs as the Series A Dwiwarna Shareholder approved the determination of salaries/ honoraria, allowances, and facilities for 2017 and tantiem for the performance of the fiscal year 2016 with due observance to the Decree of the Minister of SOEs No. SK-122/MBU/06/2017 dated June 21, 2017 regarding the Determination of the Income of the Board of Directors', Board of Commissioners, and Supervisory Board of State-Owned Enterprises Year 2017.</p>
<p>2. Grants authority and power to the Board of Commissioners with prior written approval from Series A Dwiwarna Shareholders to determine the amount of tantiem for financial year 2016, as well as to determine the salary, allowances, facility and other incentives for the Board of Directors for Financial Year 2017.</p>	<p><b>Resolution</b> Agree: 19,385,313,207 votes, or 99.6586967%</p> <p>Abstain: 15,267,100 votes, or 0.0784872%</p> <p>Disagree: 51,122,200 votes, or 0.2628161%</p>	<p>The resolutions of the Annual GMS and the letter of the Minister of SOEs shall be followed up by the Board of Commissioners of PGN by determining the salaries/ honoraria, allowances, and facilities for 2017 and tantiem for the performance of the fiscal year 2016 for the Board of Directors through letter of the Board of Commissioners No. 15/D-KOM/2017 dated June 22, 2017.</p>

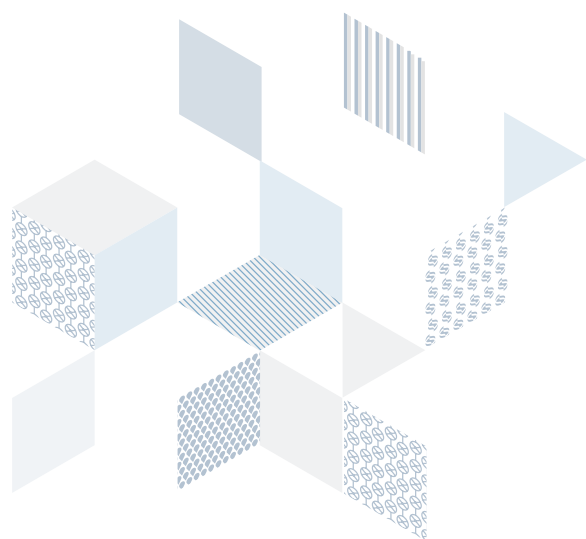


**THE RESOLUTIONS OF THE ANNUAL GMS ON MAY 4, 2017 AND THEIR REALIZATIONS**

The Resolutions of Annual GMS	Resolution Making	Their Realizations and Reasons
<b>The Fifth Agenda Item:</b>		
To approve the appointment of a Public Accountant to audit the Company's Financial Statements for 2017 and the Financial Statements of the Partnership and Community Development Program for 2017.		
<p>1. Reappoints Public Accountant Tanudiredja, Wibisana, Rintis and Partner (a member of PricewaterhouseCoopers) to perform:</p> <ul style="list-style-type: none"> <li>a. General Audit for the consolidated Financial Statements of the Company for Financial Year 2017;</li> <li>b. General Audit for the Financial Statements of the Partnership and Community Development Program for Financial year 2017;</li> <li>c. Compliance Audit for the Conformity with the Constitutional Regulation and Internal Control for year 2017;</li> <li>d. Evaluation for the Company's Performance for Financial Year 2017 which ended on December 31, 2017 and Key Performance Indicator, which had been stipulated by the Board of Commissioners.</li> </ul> <p>2. Grants authority to Board of Commissioners of the Company to determine the amount of audit service fee, any addition to the required scope of work and any other reasonable requirements for the Public Accountant Office, including to determine the substitute of the appointed Public Accountant Office, if for any reason, cannot complete its performance.</p>	<p><b>Quorum of Resolution</b></p> <p>The decision was approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.</p> <p><b>Resolution</b></p> <p>Agree: 18,650,787,497 votes, or 95.8825455%</p> <p>Abstain: 68,837,500 votes, or 0.3538893%</p> <p>Disagree: 732,077,510 votes, or 3.7635652%</p>	<p>The follow-up has been done beforehand through the Agreement between Public Accounting Firm Tanudiredja, Wibisana, Rintis &amp; Partners with PGN No. 029700.PK/KU.02/ACC/2016 to perform independent audit services ("Agreement with KAP") as has been approved in the Annual GMS. KAP Tanudiredja, Wibisana, Rintis &amp; Partners are appointed auditors who review the PGN Financial Statements for a period of 3 years. For the fiscal year 2017, there are several amendments to the Agreement with the Firm as set forth in:</p> <ul style="list-style-type: none"> <li>1. Amendment # 2 Number 007301.PK/KU.02/ACC/2016 dated March 30, 2017</li> <li>2. Amendment # 3 Number 022602.PK/KU.02/ACC/2017 dated October 13, 2017</li> </ul>

## THE RESOLUTIONS OF THE ANNUAL GMS ON MAY 4, 2017 AND THEIR REALIZATIONS

The Resolutions of Annual GMS	Resolution Making	Their Realizations and Reasons
<b>The Sixth Agenda Item</b>		
Change of the Articles of Association		
<ol style="list-style-type: none"> <li>Approves the amendment and/or adjustment to the standarization of the Article of Association of public State Owned Enterprises by restating the entire Article of Association og the Company, in accordance to the letter from the Minister of State Owned Enterprise as the Series A Dwiwarna Shareholder.</li> <li>Grants the authority and power to the Series S Dwiwarna Shareholder to change and/or revisedthe provisions in the Article of Association of the Company, in any event that there shall be any changes and/or revision to the provisions established by the authorized institution , including institutions related to public companies and/or Series A Dwiwarna Shareholder, as long as it is required for the purpose of reporting and/or approval of the Article of Association to the authorized institution.</li> <li>Grants power and authority to Board of Directors with substitution right to state such changes and/or adjustment of the Article of Association in a Notary Deed and filed a request of approval and report as well notify the change in Article of Association to the Minister of Law and Human Rights of the Republic of Indonesia and/or the authorized institution in accordance to the applicable law.</li> </ol>	<p><b>Quorum of Resolution</b> The decision was approved by the Series A Dwiwarna Shareholder and other legitimate shareholders who together represent more than 3/4 (three quarters) of the total shares with voting rights present at the GMS.</p> <p><b>Resolution</b> Agree: 15,854,003,036 votes, or 81.5044494%</p> <p>Abstain: 72,559,600 votes, or 0.3730244%</p> <p>Disagree: 3,525,139,871 votes, or 18.1225261%</p>	<p>This amendment of the Articles of Association was followed up by the Board of Directors by the issuance of the Deed of Resolutions of the Annual General Meeting of Shareholders No. 102 dated May 24, 2017 made before Notary Fathiah Helmi, S.H., Notary in Jakarta.</p> <p>The Deed of Amendment of the Articles of Association was submitted and approved by the Minister of Justice and Human Rights based on the Decree of the Minister of Justice and Human Rights No. AHU-0014491.AH.01.02 of 2017 dated July 17, 2017.</p>



**THE RESOLUTIONS OF THE ANNUAL GMS ON MAY 4, 2017 AND THEIR REALIZATIONS****The Resolutions of Annual GMS****Resolution Making****Their Realizations and  
Reasons****The Seventh Agenda Item:**

Ratification of the Minister of State Owned Enterprise Regulation No. PER-03/MBU/12/2016 dated on December 16, 2016, regarding the Amendment of Minister of State Owned Enterprise Regulation No. PER-09/MBU/07/2015 regarding State Owned Enterprise Partnership and Community Development Program.

To enforce the enactment of the Regulation of the Minister of State-Owned Enterprises No. PER-03/MBU/12/2016 dated December 16, 2016 on Amendment to the Regulation of the Minister of State-Owned Enterprises No. PER-09/MBU/07/2015 regarding Partnership and Community Development Program of State-Owned Enterprises, including its amendments in the future.

**Quorum of Resolution**

The decision was approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.

**Resolution**

Agree:  
19,434,556,707 votes, or  
99.9118545%

Abstain:  
17,145,800 votes, or  
0.0881455%

Disagree:  
0 votes

**The Eighth Agenda Item:**

The Changes of the structure of the Board member

1. Honarably discharge the names below from the Board of Directors of the Company:
  - a. Mr. Hendi Prio Santoso as President Director
  - b. Mr. Hendi Kusnadi as Director
  - c. Mr. M. Wahid Sutopo as Director
 effective from the closing of this GMS, with gratitude for the contribution during their service as Board of Directors of the Company.

**Quorum of Resolution**

The decision was approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.

**Resolution**

Agree:  
19,434,556,707 votes, or  
99.9118545%

Abstain:  
17,145,800 votes, or  
0.0881455%

Disagree:  
0 votes

This amendment of the Articles of Association was followed up by the Board of Directors by the issuance of the Deed of Resolutions of Annual General Meeting of Shareholders No. 101 dated May 24, 2017 made before Notary Fathiah Helmi, S.H., Notary in Jakarta. The Deed of Amendment of the Articles of Association was submitted and accepted by the Minister of Justice and Human Rights based on the Letter of the Minister of Justice and Human Rights No. AHU-AH.01.03-0142769 dated June 6, 2017.

## THE RESOLUTIONS OF THE ANNUAL GMS ON MAY 4, 2017 AND THEIR REALIZATIONS

### The Resolutions of Annual GMS

### Resolution Making

### Their Realizations and Reasons

2. Changing the nomenclature of the Board of Directors as follows:

No.	Previous	Now
1	President Director	President Director
2	Director	Director of Finance
3	Director	Director of Infrastructure and Technology
4	Director	Director of Strategy and Business Development
5	Director	Director of Commerce
6	Director	Director of Human Capital and General Services

#### Quorum of Resolution

The decision was approved by more than 1/2 (one half) of the total shares with voting rights present at the GMS.

#### Resolution

Agree:

19,434,556,707 votes, or 99.9118545%

Abstain:

17,145,800 votes, or 0.0881455%

Disagree:

0 votes

3. Appoints the names below as members of Board of Directors:

- Mr. Jobi Triananda Hasjim as President Director
- Ms. Desima Equalita Siahaan as Director of Human Capital and General Services
- Mr. Gigih Prakoso as Director of Strategy and Business Development

effective from the closing of the Meeting until the closing of Annual General Meeting of Shareholders in the fifth year after their appointment, but without relieving the right of General Meeting of Shareholder to discharge the Board of Directors at any time.

4. To change the appointment of the members of Board of Directors who was appointed by the resolution of the Annual General Shareholders Meeting Year 2016 as follows:

No.	Name	Previous	Now
1	Nusantara Suyono	Director	Director of Finance
2	Dilo Seno Widagdo	Director	Director of Infrastructure and Technology
3	Danny Praditya	Director	Director of Commerce

**THE RESOLUTIONS OF THE ANNUAL GMS ON MAY 4, 2017 AND THEIR REALIZATIONS**

The Resolutions of Annual GMS	Resolution Making	Their Realizations and Reasons
<p>5. With the dismissal, changes to the nomenclature of office, shifting of duties, and appointment of members of the Board of Directors, the composition of the Board of Directors becomes as follows:</p> <ul style="list-style-type: none"> <li>a. Mr. Jobi Triananda Hasjim : President Director</li> <li>b. Mr. Nusantara Suyono : Director of Finance</li> <li>c. Mr. Dilo Seno Widagdo : Director of Infrastructure and Technology</li> <li>d. Mr. Gigih Prakoso : Director of Strategy and Business Development</li> <li>e. Mr. Danny Praditya : Director of Commerce</li> <li>f. Ms. Desima Equalita : Director of HR and Sahaan General Services</li> </ul> <p>6. Honarably discharge Mr. Tirta Hidayat from the Board of Commissioners starting from the closing of the Meeting, with gratitude for the contribution during his service as member of the Board of Commissioner of the Company.</p> <p>7. Appoints Mrs. Hendrika Nora Osloi Sinaga as member of the Board of Commissioner of the Company starting from the closing of the Meeting until the closing of Annual General Meeting of Shareholders in the fifth year after her appointment, but without relieving the right of General Meeting of Shareholder to discharge the Board of Commissioners at any time.</p> <p>8. With the dismissal and appointment of the members of the Board of Commissioners as referred to numbers 6 and 7 above, the composition of the Board of Commissioners of the Company is as follows:</p> <ul style="list-style-type: none"> <li>a. Mr. Fajar Harry Sampurno : President Commissioner</li> <li>b. Mr. Kiswodarmawan : Independent Commissioner</li> <li>c. Mr. Mohamad Ikhsan : Commissioner</li> <li>d. Mr. IGN Wiratmaja Puja : Commissioner</li> <li>e. Ms. Hendrika Nora Osloi Sinaga : Commissioner</li> <li>f. Mr. Paiman Raharjo : Independent Commissioner</li> </ul> <p>9. Grants authority and power to the Company's Board of Director with a substitution right to conduct all required action with regards to the ensure the conformity of this Meeting resolution with the prevailing regulations, including to restate this resolution a separate notarial deed and notify the change in the Company's Board member to the Ministry of Law and Human Right of Republic of Indonesia, in accordance to the prevailing regulations.</p>		

## BOARD OF COMMISSIONERS

The Board of Commissioners has certain duties and responsibilities related to the Company. The duties and responsibilities are conducted for the benefit of the Company and in accordance with the purpose and objectives of the Company.

### BOARD OF COMMISSIONER'S COMPOSITION

The composition and the number of members of the Board of Commissioners in 2017 set forth in the General Meeting of Shareholders are as follows:

January 1 - May 4, 2017	
President Commissioner	: Fajar Harry Sampurno
Commissioner	: Tirta Hidayat
Commissioner	: Mohamad Ikhsan
Commissioner	: IGN Wiratmaja Puja
Independent Commissioner	: Paiman Raharjo
Independent Commissioner	: Kiswodarmawan

May 4 - December 31, 2017	
President Commissioner	: Fajar Harry Sampurno
Commissioner	: Mohamad Ikhsan
Commissioner	: Hendrika Nora O. Sinaga
Commissioner	: IGN Wiratmaja Puja
Independent Commissioner	: Paiman Raharjo
Independent Commissioner	: Kiswodarmawan

At the Annual GMS held on May 4, 2017, the GMS confirmed the dismissal of Tirta Hidayat as a member of the Board of Commissioners of the Company. Further, the GMS appoints Hendrika Nora O. Sinaga as Commissioner since the closing of the AGMS on May 4, 2017 up to the closing of the 5<sup>th</sup> (fifth) Annual GMS after the date of her appointment but without prejudice to the right of the GMS to dismiss the members of the Board of Commissioners at any time.

### BOARD OF COMMISSIONER'S RESPONSIBILITY

Based on the Board Manual endorsed by the Board of Commissioners and the Board of Directors on August 8, 2016, 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 personally 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 supervision of the Company for the purposes and objectives of the Company, the Board of Commissioners also has the responsibility to monitor the effectiveness of GCG practices and provide suggestions for improvements to the system and implementation of GCG.

In carrying out its responsibilities, the Board of Commissioners has the following duties:

1. To carry out supervision and be responsible for supervision of the management policy, the course of the management in general, both regarding the Company and the business of the Company as well as give advice to the Board of Directors;
2. To perform the duties specifically granted to her/him in accordance with the Articles of Association, the applicable laws and regulations and/or resolutions of the GMS;
3. To perform duties, responsibilities, and authorities in accordance with the provisions of the Company's Articles of Association and resolutions of the GMS;
4. To examine and review the annual reports prepared by the Board of Directors and to sign the annual report.

In connection with the execution of its duties, the Board of Commissioners shall be obliged to:

1. Supervise the implementation of the Company's work plan and annual budget;
2. Follow the progress of the Company's activities and in the event that the Company shows a regressive symptom, promptly report to the GMS with advice on the corrective measures to be taken;

3. Propose to the GMS the appointment of a Public Accountant who will conduct examination of the Company's books;
4. Perform other supervisory duties stipulated by the GMS;
5. Respond to the Board of Directors' regular reports as well as at any time necessary regarding the Company's development and report the results of its performance to the Series A Dwiwarna Shareholder on time;
6. Provide opinion and endorsement of the Company's Annual Work Plan and Budget as well as the Company's Long Term Plan prepared by the Board of Directors;
7. Give approval for the Company's work plan and annual budget not later than the thirtieth day of the first month after the fiscal year begins;
8. Make minutes of meetings of the Board of Commissioners and keep their copies;
9. Report to the Company regarding its share ownership;
10. Provide report on the supervisory duties that have been carried out during the past fiscal year to the GMS;
11. Carry out its duties and responsibilities in good faith, with full responsibility and prudence;
12. Establish an Audit Committee and may establish other committees, in order to support the effective execution of its duties and responsibilities;
13. Evaluate the performance of the committees that assist the execution of its duties and responsibilities, at the end of each fiscal year.

### BOARD OF COMMISSIONER'S GUIDELINE AND CODE OF CONDUCT

In order to perform the supervisory and advisory duties to the Board of Directors, the Board of Commissioners shall refer to the following Regulations:

1. Law No. 40 Year 2007 on Limited Liability Companies;
2. Law Number 19 Year 2003 on State-Owned Enterprises;

3. Regulation of the Financial Services Authority No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Issuers or Public Companies;
4. The Company's Articles of Association in the Deed No. 102 dated May 24, 2017;
5. The Board Manual of PT Perusahaan Gas Negara (Persero) Tbk dated August 8, 2016.

The Working Guidelines of the Board of Commissioners in the Board Manual include:

1. Main Duties of the Board of Commissioners;
2. Responsibilities of the Board of Commissioners;
3. Duties of the Board of Commissioners;
4. Vacant Position of Board of Commissioners;
5. Rights and Authority of the Board of Commissioners;
6. Independence and Ethics of the Board of Commissioners' Position;
7. Board of Commissioners' Meetings;
8. Joint Meeting of the Board of Commissioners and the Board of Directors;
9. Committees of the Board of Commissioners.

### DUAL POSITION AND CONFLICT OF INTEREST

Based on Article 14 paragraph 29 of Articles of Association of the Company Deed. 102 dated May 24, 2017 stating that members of the Board of Commissioners are prohibited from holding multiple positions as:

- a. Members of the Board of Directors of State-Owned Enterprises, Regional-Owned Enterprises, Private-owned Enterprises;
- b. The management of political parties and/or candidates/members of the DPR, DPD, Level I and Level II Regional House of Representatives and/or candidates for regional head/deputy regional head;
- c. Other positions in accordance with the provisions of legislation; and/or
- d. Other positions that may create a conflict of interest.

Throughout 2017, there are no members of the Board of Commissioners holding the dual positions mentioned in the Company's Articles of Association.

## TRAINING PROGRAM IN ORDER TO IMPROVE BOARD OF COMMISSIONERS COMPETENCY

To improve the competence and to support the duties of the Board of Commissioners, in 2017, members of the Board of Commissioners attended training programs, workshops, conferences, and seminars, including:

THE TRAINING OF THE BOARD OF COMMISSIONERS				
Name	Position	Date	Location	Remarks
Fajar Harry Sampurno	President Commissioners	September 10 – 17, 2017	United Kingdom	Asean Global Leadership Programme held by SRW & Co.

## BOARD OF COMMISSIONER'S TASKS IMPLEMENTATION

During Fiscal Year 2017, the Board of Commissioners has performed the following tasks and activities:

1. Giving approval and endorsement to:
  - a. Consolidated Financial Statements for Audited Year 2016 Audited for publication and submission to Regulators;
  - b. AGM Annual General Meeting of PT PGN (Persero) Tbk Fiscal Year 2016 to be held on Thursday, May 4, 2017;
  - c. Appointment of *KAP* Tanudiredja, Wibisana, Rintis & Associates a member of the firm of Pricewaterhouse Coopers as the General Auditor of the Company's Consolidated Financial Statements for the Fiscal Year 2017, General Audit of the Financial Report of Partnership and Community Development Program of the Fiscal Year 2017, Compliance Audit of Legislation and Control Internal Year 2017, and Evaluation of Corporate Performance for the Fiscal Year 2017 ending December 31, 2017 and Key Performance Indicator (KPI) as stipulated by the Board of Commissioners;
  - d. Proposed name of PGN Corporate Secretary;
  - e. Additions of Audit Services Fee for Book Year 2017;
  - f. Work Plan and Corporate Budget (*RKAP*) Year 2018.
2. Discuss, provide direction, advice and recommendations, and ask for clarification related to matters such as the following:
  - a. Strategic issues affecting the operation of the company;
  - b. Progress of *RKAP* 2017 and its problems;
  - c. KPI Board of Commissioners and Board of Directors, Work Program of Board of Commissioners and Board of Directors Year 2017 and Division of duties of Board of Commissioners;
  - d. Board of Commissioners Supervision System 2017;
  - e. Professional Institute for Selection of Prospective Directors;
  - f. Procurement of Nomination Consultant Services;
  - g. Procurement of Remuneration Consultant Services;
  - h. Quarterly Financial Report of PT PGN (Persero) Tbk;
  - i. Corporate Risk Profile Triwulanan PT PGN (Persero) Tbk;
  - j. Company assets that are still not fully utilized;
  - k. Performance of PT Perusahaan Gas Negara (Persero) Tbk;
  - l. Performance of Subsidiaries PT PGN (Persero) Tbk;
  - m. Sharing Session/Sarasehan PT PGN (Persero) Tbk;
  - n. Formulation of Board of Commissioners Internal Procedures;
  - o. Preparation and execution of GMS Year 2017;
  - p. Audited Financial Statements Book Year 2017;
  - q. Remuneration of the Board of Commissioners and the Board of Directors;
  - r. Nomination of the Board of Directors;
  - s. Prognosis of *RKAP* 2017;
  - t. Follow up of audit results of External Auditor and Internal Auditor;
  - u. Follow up Recommendation of Audit Result of BPK RI to PT PGN (Persero) Tbk;
  - v. Preparing *RKAP* 2018.



3. Respond to the Board of Directors' Regular Reports.
4. Submit a response to the Company's 2017 Quarterly Financial Statement to the Series A Dwiwarna Shareholder.
5. Carry out the duties of the Board of Commissioners in relation to the implementation of the GMS
  - a. Discusses the agenda of the 2016 Annual General Meeting of Shareholders held on May 4, 2017;
  - b. Discuss and propose Public Accounting Firm (*KAP*) which will audit Financial Report of Fiscal Year 2017 and Compliance Audit to Internal Regulation and Control and conduct Audit of Financial Report of Partnership and Community Development Program (*PKBL*) of Book Year ending on December 31, 2017;
  - c. Discuss and propose remuneration for the Board of Directors and the Board of Commissioners;
  - d. Discuss and propose the nomination of the Company's Directors;
  - e. Following up the result of Annual GMS 2016 Fiscal Year.

## INDEPENDENT COMMISSIONER

### INDEPENDENT COMMISSIONER'S DETERMINATION CRITERIA

Independent Commissioner is a member of the Board of Commissioners who comes from outside the Company and meets the requirements as Independent Commissioner. The Criteria of Independent Commissioners are based on the FSA Regulation No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Companies, namely:

- a. Not a person who works or has the authority and responsibility to plan, lead, control, or supervise the Company's activities within the last 6 (six) months;

- b. Not having shares in the Company;
- c. Having no affiliation with the Company, members of the Board of Commissioners, members of the Board of Directors, or major shareholders of the Company;
- d. Having no business relationships related to the Company's business activities.

In the period when members of the Board of Commissioners of PGN amounted to 6 people, 2 of which are Independent Commissioners. The number of Independent Commissioners has fulfilled the provisions of the FSA Regulation No. 33/POJK.04/2014, where every public company must have an Independent Commissioner of at least 30% of the total members of Board of Commissioners.

### INDEPENDENCY OF INDEPENDENT COMMISSIONER

As regulated in Article 33 paragraph 2 (b), (c), (d) of Article 21 paragraph 2 (b), (d) it is written that Independent Commissioners shall meet the following requirements:

- (b) has no share directly or indirectly in the Issuer or Public Company;
- (c) has no affiliation with the Issuer or Public Company, member of the Board of Commissioners, members of the Board of Directors, or the principal shareholder of the Issuer or Public Company; and
- (d) has no direct or indirect business relationship relating to the Issuer or the Public Company's business activities.

Independent Commissioners of PGN have no shares of the Company, have no affiliation relationships with the Company, members of the Board of Commissioners, members of the Board of Directors or major shareholders of the Company, have no business relationships related to the Company's business activities, and have never worked or served as members of the Board of Directors or the Board of Commissioners of the Company within the last 6 months prior to their appointment by the Annual GMS of PGN in May 2017.

## BOARD OF COMMISSIONERS MEETING AND BOARD OF COMMISSIONERS AND DIRECTOR'S JOINT MEETINGS

Based on the FSA Regulation No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuer or Public Company and Articles of Association of Company, the Board of Commissioners shall convene meetings at least once in two months and meetings with the Board of Directors on a regular basis at least one time in four months.

In addition, in accordance with the Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 dated August 1, 2011 concerning the Implementation of Good Corporate Governance in State-Owned Enterprises especially Article 14 and the Provisions of Articles of Association of the Company Article 16, the Board of Commissioners' Meetings shall be held periodically at least once in each month, and in the meetings, the Board of Commissioners may invite the Board of Directors.

During the period of 2017, the Board of Commissioners has held 19 (Nineteen) Meetings including the Joint Meeting with the Board of Directors, with details as follows:

THE BOARD OF COMMISSIONERS' MEETINGS							
Period of January 1 – May 4, 2017							
Date	Meeting Agenda	Fajar Harry S.	Tirta Hidayat	Mohamad Ikhsan	IGN Wiratmaja Puja	Paiman Raharjo	Kiswodarmawan
January 10, 2017	1. Discussion on the realization of KPI 2016, KPI 2017, and Work Program of the Board of Commissioners 2017; 2. Other Matters.	√	√	√	√	√	√
February 14, 2017	1. Consolidation of the Board of Commissioners with the Supporting Organs of the Board of Commissioners; 2. Preparation for Annual GMS Fiscal Year 2016; 3. Other Matters.	√	√	√	√	√	√
February 22, 2017	1. Discussion on Candidate Nomination of PT PGN (Persero) Tbk; 2. Other Matters.	√	√	√	√	√	√
March 14, 2017	1. Discussion on Report on the Executin of Duties of the Board of Commissioners; 2. Presentation of the Audit Committee on the Audited Financial Statements of 2016; 3. Other Matters.	√	√	√	√	√	√
April 11, 2017	1. Discussion on the Preparation of GMS Fiscal Year 2016; 2. Other Matters.	√	√	√	√	√	√
April 20, 2017	1. Discussion on Letter Draft of Remuneration for the Board of Directors and the Board of Commissioners of PT PGN (Persero) Tbk to the Ministry of SOEs; 2. Other Matters.	√	√	√	√	√	√
<b>Total Attendance</b>		<b>6 times</b>	<b>6 times</b>	<b>6 times</b>	<b>6 times</b>	<b>6 times</b>	<b>6 times</b>
<b>% Total Attendance</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

• Period of January 1 – May 4, 2017 : six times

## THE BOARD OF COMMISSIONERS' MEETINGS

Period of May 5 – December 31, 2017

Date	Meeting Agenda	Fajar Harry S.	Hendrika Nora	Mohamad Ikhsan	IGN Wiratmaja Puja	Paiman Raharjo	Kiswodarmawan
June 19, 2017	1. Discussion on Recommendations of Audit Results of BPK RI; 2. Other Matters.	✓	✓	✓	✓	✓	✓
July 18, 2017	1. Discussion on the Preparation of Sharing Session; 2. Other Matters.	✓	✓	✓	✓	✓	✓
September 5, 2017	1. Financial Report of First Semester of 2017; 2. The Company's Regular Reports of July and August 2017; 3. Comparative Study Program of PMRPU Committee to South Korea; 4. Other Matters.	✓	-	✓	-	✓	✓
September 26, 2017	1. Discussion on the Extension of Assignment of Members of the Audit Committee; 2. Discussion on the Letter concerning Refund of Basic Wage Increase for period January - July 2017; 3. Other Matters.	-	✓	-	✓	✓	✓
November 7, 2017	1. Discussion on the 3rd Quarter Report of 2017 and Prognosis 2017; 2. Discussion on RKAP 2018; 3. Other Matters.	✓	✓	✓	✓	✓	✓
December 12, 2017	1. Ratification of RKAP 2018; 2. Other Matters.	✓	✓	✓	✓	✓	✓
<b>Total Attendance</b>		<b>5 times</b>	<b>5 times</b>	<b>5 times</b>	<b>5 times</b>	<b>6 times</b>	<b>6 times</b>
<b>% Total Attendance</b>		<b>83.33%</b>	<b>83.33%</b>	<b>83.33%</b>	<b>83.33%</b>	<b>100%</b>	<b>100%</b>

• Period of May 5 – December 31, 2017 : six times

The absence in the meetings was due to the fact that the concerned Commissioners carried out official duties.





## JOINT MEETINGS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS Period of August 16 – December 31, 2017

Date	Agenda	Dewan Direksi					Dewan Komisaris					
		Jobi Triananda Hasjim	Nusantara Suyono	Danny Praditya	Dilo Seno Widagdo	Desima Equalita Siahaan	Fajar Harry S.	Hendrika Osloi S.	Mohamad Ikhsan	IGN Wiratmaja Puja	Paiman Raharjo	Kiswodarmawan
November 7, 2017	1. Discussion on the Company's Organizational Structure; 2. Discussion on the Company's Performance; 3. Discussion on RKAP 2018; 4. Others.	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
November 24, 2017	1. Finalization of RKAP 2018; 2. Update on Oil & Gas Holding; 3. Others.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
December 12, 2017	1. Update on Performance Achievement of November 2017; 2. Discussion on Extraordinary GMS of Fiscal Year 2017; 3. Others.	✓	✓	✓	✓	-	✓	✓	✓	✓	✓	✓
<b>Total Attendance</b>		<b>3 times</b>	<b>2 times</b>	<b>3 times</b>	<b>3 times</b>	<b>2 times</b>	<b>3 times</b>	<b>3 times</b>	<b>3 times</b>	<b>3 times</b>	<b>3 times</b>	<b>3 times</b>
<b>% Total Attendance</b>		<b>100%</b>	<b>67%</b>	<b>100%</b>	<b>100%</b>	<b>67%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## BOARD OF COMMISSIONERS KPI ASSESSMENT

### BOARD OF COMMISSIONER'S REMUNERATION STIPULATION PROCEDURE

Assessment of the Board of Commissioners through KPI (Key Performance Indicators) stipulated by the Ministry of SOEs, in which the KPI used are the Superior Performance Assessment Criteria (*KPKU*).

The assessment procedure is as follows:

1. The Board of Commissioners submits its KPI to the Ministry of SOEs;
2. The Board of Commissioners conducts and evaluates its KPI achievements;
3. The Board of Commissioners reports its KPI Realization to the Ministry of SOEs.

### BOARD OF COMMISSIONER'S PERFORMANCE

The criteria for assessing the performance of the Board of Commissioners is the performance of the Board of Commissioners in exercising supervision over the Company's management policy and advising

the Board of Directors on behalf of the Company's interests and objectives as well as the execution of tasks specifically assigned to them under the Articles of Association and/or by resolutions of the GMS in the corridor of prevailing laws and regulations. The bases for the Board of Commissioners' KPI as follows:

1. Article 15, paragraph 1 of the Regulation of the Minister of SOEs No. PER-01/MBU/2011 jo the Regulation of the Minister of SOEs No. PER-09/MBU/2012 on the Implementation of Good Governance in SOEs reads, "GMS is required to stipulate Key Performance Indicators of Board of Commissioners/Supervisory Board based on the proposal of Board of Commissioners/Supervisory Board concerned";
2. Deputy Minister of SOEs No. S-508/MBU/WK/2012 dated November 22, 2012 regarding Share Holder Aspiration for the Preparation of RKAP 2013 stipulates that Key Performance Indicators (KPI) are to be compiled using Superior Performance Assessment Criteria (*KPKU*).

## BOARD OF COMMISSIONER'S PERFORMANCE ASSESSMENT RESULT

The result of the assessment is the sum of the weight of each KPI that has been achieved with the Scale Fulfillment Rate in 2017 of 99.89.

## THE PROCEDURE OF DETERMINING THE BOARD OF COMMISSIONERS' NUMERATION

The determination of remuneration for the Board of Commissioners refers to the Regulation of the Minister of State-Owned Enterprises No. PER-04/MBU/2014 concerning Guidelines for Determining Salaries of Board of Directors, Board of Commissioners, and Board of Supervisors of State-Owned Enterprises as lastly amended by the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia No. PER-01/MBU/06/2017 on the Second Amendment to the Regulation of the Minister of State-Owned Enterprises on the Guidelines for Determining Salaries of Board of Directors, Board of Commissioners, and Board of Supervisors of State-Owned Enterprises dated June 20, 2017. The procedure for determining the remuneration for the Board of Commissioners is as following:

- a. The Nomination and Remuneration Committee requested Independent Consultants to conduct remuneration review for the Board of Directors and the Board of Commissioners;
- b. The Nomination and Remuneration Committee prepared a remuneration recommendation for members of the Board of Directors and the Board of Commissioners;
- c. The Nomination and Remuneration Committee proposed remuneration for members of the Board of Directors and the Board of Commissioners to the Board of Commissioners;
- d. The Board of Commissioners discussed the proposal of the Nomination and Remuneration Committee;
- e. The 2016 Annual General Meeting of Shareholders held on May 4, 2017 delegates the authority to the Board of Commissioners of the Company for the determination of salaries/honoraria and other facilities and allowances for members of the Board of Directors and Board of Commissioners for the Fiscal Year 2017, after obtaining the approval of the Seri A Dwiwarna Shareholder;

- f. The Board of Commissioners proposed remuneration for members of the Board of Directors and Board of Commissioners of 2017 to the Minister of SOEs as the Seri A Dwiwarna Shareholder;
- g. The Minister of SOEs as the Series A Dwiwarna Shareholder set the remuneration for members of the Board of Directors and the Board of Commissioners.

Based on the Regulation of the Minister of SOEs, the principle of determining the salaries of the Board of Commissioners was determined by the General Meeting of Shareholders (GMS), in which the components of the Board of Commissioners' salaries are as follows:

- a. Honorarium;
- b. Benefits, which consist of:
  1. Holiday allowance;
  2. Transport allowance;
  3. Post-employment insurance.
- c. Facilities, which consist of:
  1. Health facilities;
  2. Legal aid facilities.
- d. Tantiem/Performance Incentives, where in the Tantiem can be given additional in the form of Long Term Incentive (LTI).

## BOARD OF COMMISSIONER'S REMUNERATION STRUCTURE

The appointment of remuneration for the Board of Commissioners shall refer to the State-Owned Enterprise Regulation Number PER-04/MBU/2014 concerning the Guidelines for the Stipulation of Directors, Board of Commissioners and Board of Trustees of the State-Owned Enterprises which was last revised through the Regulation of the Minister of State-Owned Enterprises of the Republic Indonesia Number PER-01/MBU/06/2017 Concerning the Second Amendment to Regulation of the Minister of State-Owned Enterprises Number PER 04/MBU/2014 Concerning Guidelines for Stipulation of Directors, Board of Commissioners and Supervisory Board of State-Owned Enterprises. the income of the Board of Commissioners consists of:

1. Honorarium
 

The honorarium of the members of the Board of Commissioners is determined by the composition of the position factors as follows:

  - a. President Commissioner of 45% (forty five percent) of the salary of the President Director;

b. Members of the Board of Commissioners shall be 90% (ninety percent) of the President Commissioner.

## 2. Allowances

- a. Holiday allowance for the Feast Day is 1 (one) time honorarium
- b. Post-Employment Insurance
  - Post Retirement Insurance is provided during the term of office (from the time of service until termination);
  - Premiums borne by the Company at most 25% (twenty five percent) of the Honorarium within one year.
- c. Transportation allowance  
Transportation allowance is granted 20% (twenty percent) of the respective Honorarium members of the Board of Commissioners.

## 3. Facilities

- a. Health Facilities
  - Health facilities are provided in the form of health insurance or reimbursement of medical expenses;
  - Health facilities are given to the members of the Board of Commissioners and a wife/ husband and a maximum of three children who have not reached the age of 25 years with the provisions if the child is not aged 25 years but have been married or have worked so s/ he is not eligible for health facilities;
  - Health facilities are provided in the forms of:
    - Outpatient and medications;
    - Hospitalizations and medications;
    - Medical check up.
  - In the event that the treating physician provides referral for medical treatment abroad, the provision of the Health Facilities may be provided in full or in part by taking into account the financial capacity of the company;
  - Medical check-up is provided under the following conditions:
    - Medical check-up is given 1 (one) time per year;
    - Medical check-up is done in the country.

- If the Board of Directors serves concurrently as a member of the Board of Commissioners of the Subsidiary/Joint Venture, then only one Health Facility is provided that is the SOE facility.

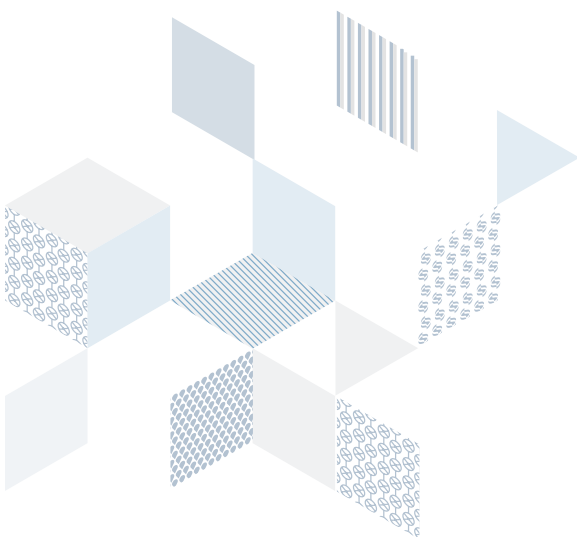
## b. Legal Aid Facilities

Legal Aid Facilities are provided in the event of an action/deed for and on behalf of his/her position relating to the purpose and objectives of the Company's business activities.

## 4. Tantiem/Performance Incentive

- a. SOEs may provide Tantiem/ Performance Incentives (Tantiem/IK) to members of the Board of Directors, Board of Commissioners and Board of Supervisors based on the stipulation of the AGMS/Minister in the ratification of annual report, if:
  - Opinions published by the auditor are at least Fair With Exception (WDP);
  - Realization of the lowest level of health with a value of 70 (seventy). Such achievement does not take into account the burden/profit due to the actions of the previous directors;
  - Achievement of KPI is at least 80% (eighty percent). Such achievement does not take into account factors beyond the control of the Board of Directors;
  - The condition of the company does not increasingly lose from the previous year for the company in a loss condition, or the company does not lose from the previous condition of profit. The loss does not take into account factors beyond the control of the Board of Directors.
- b. Tantiem/IK is the expense of the financial year of the book concerned and therefore must be specifically budgeted in the *RKAP* of that year, except for LTI cannot be budgeted first.
- c. The Tantiem/IK budget should be linked to the KPI targets in accordance with the *RKAP* of the year.

- d. The granting of Tantiem/IK shall be proportionately based on KPI's performance in the year concerned, provided that starting from the fiscal year 2017, KPI shall also consider the criteria for the achievement of the task of development which shall be determined by the Minister in isolation, element:
- synergy between SOEs;
  - downstream strategy and local content;
  - integrated regional economic development;
  - financial independence and value creation; and
  - Government assignments.
- e. If the grant of Tantiem/IK exceeds the Tantiem/IK budget in the *RKAP*, the shortfall of the budget shall be calculated as the cost in the relevant fiscal year.
- f. The determination of the Tantiem/IK budget, using the guidelines set by the Minister.
- g. Before authorizing the relevant SOEs *RKAP*, the Board of Commissioners shall consult firstly with the Seri A Dwiwarna shareholder for the determination of the Tantiem budget.
- h. The calculation of Tantiem/IK uses the guidelines stipulated by the Minister.
- i. With due regard to the Company's performance and/or the Company's specific business conditions, the Minister may set a Tantiem/IK different from the calculation result based on the guidance stipulated by the Minister.
- j. Taking into account the fairness and/or quality of profits recorded by the company and/or the financial capability of the company and/or other relevant factors, the GMS may set lower Tantiem/IK from the calculation based on the guideline stipulated by the Minister.
- k. In the case of the term of office of the Board of Directors, Board of Commissioners and Board of Supervisors not until 12 (twelve) months in the relevant fiscal year, the amount of Tantiem shall be adjusted to the relevant term of office in the fiscal year.
- l. The composition of Tantiem/IK for members of the Board of Directors, Board of Commissioners, and Board of Trustees of SOEs shall follow the following Position Factors:
- President Commissioner: 45% (forty five percent) of the President Director; and
  - Members of the Board of Commissioners: 90% (ninety percent) of the President Commissioner.
- m. In the case of any other position other than the President Director/President Commissioner and the Director/Member of the Board of Commissioners, the amount of the Position Factor as referred to in letter l shall be determined by the GMS.
- n. The GMS may determine the amount of Job Position which is different from the provisions referred to in letter m. if deemed more able to reflect justice and fairness in the execution of duties and responsibilities of each member of the Board of Directors, Board of Commissioners and the ability of the company.
- o. Income Tax on Tantiem/IK shall be borne by each member of the Board of Directors, the Board of Commissioners, the SOEs concerned.





p. GMS may consider awarding LTI to members of the Board of Directors and Board of Commissioners of SOEs as part of Tantiem which in terms of performance and governance has approached international best practice, with the following considerations:

- Aligning the interests of company managers (members of the Board of Directors, Board of Commissioners/Supervisory Board) with shareholders/owners of capital in accordance with international best practices;
- Providing motivation to further improve future performance;
- To reward efforts to safeguard and/or increase the value of shares in the long run including under adverse conditions for the Persero Open; or
- Encouraging SOEs to become a world class company by always comparing its performance and governance with international best practices.

Further provisions on LTI as stipulated in Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia No. PER-01/MBU/06/2017 on the Second Amendment to Regulation of the Minister of State-Owned Enterprises No. PER04/MBU/2014 Concerning Guidelines for Stipulation of Directors, Board of Commissioners, and the Supervisory Board of State-Owned Enterprises.

Remuneration for every member of the Board of Commissioners has been implemented considering the Annual GMS Decree dated May 4, 2017 and the President Commissioner's Deed to the President Director of PT PGN (Persero) Tbk No 15/D-KOM/2017 dated June 22, 2017 with reference to the Letter of the Minister of State-Owned Enterprises Number: S-42/D2.MBU/06/2017 dated June 21, 2017 regarding Salary/Honorarium Stipulation, Allowances and Facilities for 2017 and Tantiem for the Performance of Fiscal Year 2016.

The remuneration structure of the Board of Commissioners (in one year) in 2017 as follows:

REMUNERATION OF THE BOARD OF COMMISSIONERS PER YEAR 2017				
No.	Component	President Commissioners (Rp)	Commissioners (Combined) (Rp)	Total (Rp)
1	Honorarium (Net)	1,107,000,000,-	4,981,500,000,-	6,088,500,000,-
2	Allowances (Net)			
	• Religious Holiday Allowance	92,250,000,-	415,125,000,-	507,375,000,-
	• Post-Employment Insurance	276,750,000,-	1,245,375,000,-	1,522,125,000,-
	• Transportation Allowance	221,400,000,-	996,300,000,-	1,217,700,000,-
	<b>TOTAL</b>	<b>1,697,400,000,-</b>	<b>7,638,300,000,-</b>	<b>9,335,700,000,-</b>
3	Tantiem (Gross)	3,745,236,640,-	18,726,183,200,-	22,471,419,840,-
4	Other Facilities			
	• Health Facilities	At cost based on PER-04/MBU/2014 jo PER-02/MBU/2016		
	• Legal aid Facilities	At cost based on PER-04/MBU/2014 jo PER-02/MBU/2016		

Notes:

1. The values stated in the Commissioner's column are a combined value of six Commissioners. 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.

## BOARD OF DIRECTORS

The Board of Directors has the responsibility to perform its main duties in good faith and with full responsibility. Each member of the Board of Directors shall be fully liable individually and jointly for the loss of the Company if the person concerned is guilty or negligent in performing her/his duties in accordance with the provisions of the legislation.

The Board of Directors shall be the Company's authorized organ and fully responsible for the management of the Company for the interest of the Company, in accordance with the purpose and objectives of the Company and to represent the Company in and out of the court in accordance with the provisions of the Articles of Association. The Board of Directors shall be appointed and dismissed by the GMS.

The Board of Directors is in charge and collegial responsible. Each Director can act and make decisions in accordance with her/his 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 the President Director is equivalent. The duty of the President Director as primus inter pares is to coordinate the activities of the Board of Directors.

### BOARD OF DIRECTOR'S COMPOSITION

During 2017, the composition of PGN's Board of Directors is as follows:

January 1 – May 4, 2017	
President Director	: Hendi Prio Santoso
Director	: Muhammad Wahid Sutopo
Director	: Dilo Seno Widagdo
Director	: Danny Praditya
Director	: Nusantara Suyono
Director	: Hendi Kusnadi

### May 5 – August 15, 2017

President Director	: Jobi Triananda Hasjim
Director of Strategy and Business Development	: Gigh Prakoso
Director of Infrastructure and Technology	: Dilo Seno Widagdo
Director of Commerce	: Danny Praditya
Director of Finance	: Nusantara Suyono
Director of Human Capital and General Services	: Desima Equalita Siahaan

### August 16 – December 31, 2017

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

### BOARD OF DIRECTOR'S SCOPE OF WORK AND RESPONSIBILITIES

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 specify, the division of duties and authority of the members of the Board of Directors shall be stipulated in accordance with the Resolution of the Board of Directors.

In the Annual General Meeting of Shareholders dated May 4, 2017, the GMS has determined the nomenclature of each of the Directors. Nevertheless, the Board of Directors shall make its own determination on the division of duties and responsibilities of each member of the Board of Directors in more detail through the Decision of the Board of Directors.

## PRESIDENT DIRECTOR

The work of the President Director is governed by the Resolution of the Board of Directors No. 005900.K/OT.00/PDO/2017.

### a. Scope

1. The President Director has the scope of work to establish, manage, and control oversight of the management of the Company;
2. In addition to the above, the President Director has the function of coordinating all of the Company's development and operational activities, which is assisted by and in cooperation with other Directors.

### b. Responsibilities

Based on the scope of work, the President Director has the responsibility:

1. Preparation of the Company's Work Plan and Budget and evaluate its achievements;
2. Internal supervision of the Company;
3. Preparation of policies and activities related to communication management and relationships with stakeholders;
4. Supervision of the Company's compliance with external regulations.

## DIRECTOR OF INFRASTRUCTURE AND TECHNOLOGY

The work of the Infrastructure and Technology Directorate is governed by the Resolution of the Board of Directors No. 006100.K/OT.00/INT/2017.

### a. Scope

The Director of Infrastructure and Technology has the scope of work to establish, manage, and control engineering, development, operation and maintenance policies; network construction and operational facilities that support the utilization of natural gas; manage government assignments related to household gas networks; as well as to guide Subsidiaries in infrastructure.

### b. Responsibilities

Based on the scope of its work, the Director of Infrastructure and Technology has the responsibilities to:

1. Plan, manage and control:
  - a. Work Plan and Budget of work units in the Infrastructure and Technology Directorate and evaluate their accomplishments;
  - b. Strategies, policies, and procedures relating to engineering management, network construction, operational facilities, and operations and maintenance.
2. Control the management of network construction and operational facilities.
3. Giving guidance Coach Business Unit Infrastructure (BUI), Program Management Office (PMO) of Infrastructure, Service Unit of Household Gas Network and Subsidiaries/ Affiliations in infrastructure.

## DIRECTOR OF COMMERCE

The work of the Commerce Directorate is governed by Resolution of the Board of Directors No. 006200.K/OT.00/COD/2017.

### a. Scope

The Director of Commerce has the scope of work to establish, manage, and control the Company's policies in relation to the management of gas/ liquefied natural gas (LNG) planning and supply; marketing and sales of gas products and their derivative products; as well as guide Subsidiaries/ Affiliations in gas commercialization.

#### b. Responsibilities

Based on the scope of its work, the Director of Commerce has the responsibilities to:

1. Plan, manage, and control:
  - a. Work Plan and Budget of work units in the Commerce Directorate and evaluate their achievement;
  - b. Strategies, policies, procedures, and activities of gas supply management (supply - demand gas balance) and gas/LNG supply;
  - c. Strategies, policies, procedures and sales management activities of natural gas, LNG products and derivative products.
2. Couch Gas Product Business Unit and Subsidiaries/Affiliations in commercialization of natural gas, LNG, and their derivative products.

### **DIRECTOR OF FINANCE**

The work of the Finance Directorate is governed by the Resolution of the Board of Directors No. 006600.K/OT.00/FIN/2017.

#### a. Scope

The Director of Finance has the scope of work to establish and control the Company's policies and activities related to the Company's budget, treasury, accounting, preparation for financial statements, taxation, financial management, revenue assurance; as well as social and environmental responsibility.

#### b. Responsibilities

Based on the scope of its work, the Director of Finance has the responsibilities of establishing and controlling:

1. Work Plan and Budget of work units in the Finance Directorate and evaluate their achievement;
2. Policy and activities for the preparation, management, and control of the budget;
3. Treasury management policies and activities;

4. Accounting policies and activities, preparation for financial statements and taxation;
5. Long-term financial management policies and activities;
6. Corporate social responsibility management policies and activities; partnership and community development program;
7. Revenue assurance management policies and activities.

### **DIRECTOR OF HUMAN CAPITAL AND GENERAL SERVICES**

The work of the Human Capital and General Services Directorate is regulated through the Resolution of the Board of Directors No. 006300.K/OT.00/HCGS/2017.

#### a. Scope

The Director of Human Capital and General Services has the scope of work to establish, manage and control human capital policies; information and communication technology; logistics and general services; as well as carrying out the related Subsidiary's guidance.

#### b. Responsibilities

The Director of Human Capital and General Services has the task of planning, managing and controlling:

1. Work Plan and Budget of work units in the Human Capital and General Services Directorate and evaluate their achievement;
2. Strategies, policies, procedures, and activities of management of human resource development and service;
3. Strategies, policies, procedures, and activities of management of Information and Communication Technology;
4. Strategies, policies, procedures, and activities of management of PGN procurement (excluding project procurement), non-network assets, facilities, and services;
5. Development of related Subsidiaries/Affiliations.

## DIRECTOR OF STRATEGY AND BUSINESS DEVELOPMENT

The Strategy and Business Development Directorate is governed by the Resolution of the Board of Directors No. 006000.K/OT.00/SBD/2017.

### a. Scope

The Director of Strategy and Business Development has the scope of work to establish, manage, and control the Company's policies in relation to strategic planning, business and technology development, portfolio management and performance control; as well as policy advocacy to regulators and control of the Company's transformation implementation.

### b. Responsibilities

Based on the scope of its work, the Director of Strategy and Business Development has the responsibilities to plan, manage, and control:

1. Work Plan and Budget of work units in Strategy and Business Development Directorate and evaluate their accomplishments;
2. Strategies, policies, procedures, and activities related to the preparation, evaluation, and control of long-term and annual strategic plans;
3. Strategies, policies, procedures, and activities related to the preparation, evaluation, and control of new business development and the adoption of technology that supports business development;
4. Strategies, policies, procedures, and activities relating to the drafting, evaluation, and control of business portfolio and corporate performance;
5. Strategies, policies, procedures and activities related to the preparation of the analysis and recommendations for policy advocacy measures;
6. Strategies, policies, procedures, and activities related to the Company's activities of composing, evaluating, and controlling the transformation.

## ASSESSMENT ON THE PERFORMANCE OF COMMITTEE UNDER THE BOARD OF DIRECTORS

The Company does not currently 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 No. 40 Year 2007 regarding Limited Liability Companies;
2. Law No. 19 Year 2003 concerning State-Owned Enterprises;
3. Regulation of the Financial Services Authority No. 33/POJK.04/2014 regarding Board of Directors and Board of Commissioners of Issuers or Public Companies;
4. Articles of Association of the Company Deed No. 102 dated May 24, 2017;
5. The Board Manual ratified on August 8, 2016.

The Board Manual is a set of guidelines for the Board of Commissioners and the Board of Directors. The PGN Board Manual was first established in 2006 and was last updated on August 8, 2016. The PGN Board Manual and Work Procedures are specifically regulated in Chapter II covering:

- Main Duties of the Board of Directors;
- Duties and Responsibilities of the Board of Directors;
- Rights and Authority of the Board of Directors;
- Delegation of Authority;
- Independence and Ethics of the Board of Directors;
- Determination of the Company's Management Policy;
- Division of the Board of Directors' Duties;
- The Board of Directors' Vacant Positions;
- The Board of Directors' Meetings;
- Corporate Secretary;
- Internal Control Unit;
- Risk Management Function.

## BOARD OF DIRECTOR'S DUAL POSITION AND CONFLICTS OF INTEREST

Based on Article 11 paragraph 28 of the Articles of Association of PGN contained in the Deed. 102 dated May 24, 2017, members of the Board of Directors are prohibited from holding multiple positions as:

- Members of directors in state-owned enterprises, enterprises, private-owned enterprises;
- A member of the board of commissioners and/or supervisory board of an SOE;
- Other structural and functional positions in central and/or regional government institutions/institutions;
- The management of a political party, a member of the People's Legislative Assembly, DPD, Level I DPRD and Level II Regional Legislative Assembly and/or regional head/deputy regional head;
- Become candidate/member of DPR, DPD, Level I DPRD, and Level II DPRD or candidate of regional head/deputy head of region;
- Other positions that create a conflict of interest; and/or
- Other positions in accordance with the provisions of applicable legislation.

Throughout 2017, there is no member of the Board of Directors holding a dual position as mentioned in the PGN Statutes.

## TRAINING PROGRAM IN ORDER TO IMPROVE THE COMPETENCE OF DIRECTORS

To improve the competence and to support the duties of the Board of Directors in 2017, members of the Board of Directors attended training programs, workshops, conferences, and seminars, among others:

PERIOD OF JANUARY 1 – MAY 4, 2017			
Name	Date	Activity	Location
Nusantara Suyono	February 8-9, 2017	Mandiri Investment Forum 2017 (Reviving Private Investment)	Fairmont Hotel, Jakarta
	March 7, 2017	UBS Conference 2017	Mandarin Oriental, Jakarta
	April 28-29, 2017	SOE Executive Leadership Program - 1	Telkom, Bandung

PERIOD OF MAY 5 – AUGUST 15, 2017			
Name	Date	Activity	Location
Desima E. Siahaan	May 5-6, 2017	Executive Leadership 1 Training	Ciawi, Bogor
	May 26, 2017	Management Safety Training	Manhattan Square, Jakarta
Nusantara Suyono	June 1-2, 2017	St. Petersburg International Economic Forum 2017 (SPIEF'17)	St. Petersburg, Russia
Danny Praditya	July 12, 2017	Gas Indonesia Summit & Exhibition (GIS) 2017	Jakarta

PERIOD OF AUGUST 16 – DESEMBER 31, 2017			
Name	Date	Activity	Location
Danny Praditya	September 21, 2017	CWC World LNG & Gas Series 9th Asia Pacific Summit	Singapura
	October 24-26, 2017	International Gas Union 2017	Tokyo, Jepang
Nusantara Suryono	September 27, 2017	Global IDR Financing Mandiri Sekuritas	Shangrilla Hotel, Jakarta
Desima E. Siahaan	October 22 -27, 2017	HR Tech World	Amsterdam, Belanda
	December 7, 2017	Workshop - Digitalization and Utilization of Big Data Analysis for Optimizing Companies (SOE) Synergy.	Kementerian BUMN, Jakarta
	December 13 - 15, 2017	HR Digitalisation (e-HRM) Master Class	Bangkok, Thailand

## BOARD OF DIRECTOR'S MEETING AND DECISION

Based on the FSA Regulation No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Companies and the Articles of Association of Companies, the Board of Commissioners shall convene meetings at least once in two months and meetings with the Board of Directors on a regular basis at least one time in four months.

In connection with the Board of Directors, the FSA Regulation No. 33/POJK.04/2014 on oard of Directors and Board of Commissioners of Issuers or Public Companies and the Articles of Association of Companies, it requires a regular meeting of the Board of Directors at least one time a month and shall hold joint meetings of the Board of Directors and the Board of Commissioners periodically at least one time in four months.

### PGN BOARD OF DIRECTORS' MEETING 2017

The Board of Directors' Meetings are based on the Articles of Association of the Company, whose implementation consists of three periods referring to the membership of the Board of Directors, namely:

- Period of January 1 – May 4, 2017
- Period of May 5 – August 15, 2017
- Period of August 15 – Desember 31, 2017

The decision making of the Board of Directors was conducted in two forms, namely: the Board of Directors' Meetings physically and the Board of Directors' Decisions circularly.

### PERIOD OF JANUARY 1 – MAY 4, 2017

No.	Date	Meeting Agenda	Hendi Prio Santoso	Nusantara Suyono	Danny Praditya	Dilo Seno Widagdo	Muhammad Wahid Sutopo	Hendi Kusnadi
1	January 10, 2017	Plan of Cooperation in Optimizing Land Use and Infrastructure Provision of PGN's Natural Gas Pipeline	√	√	√	√	√	√
2	January 17, 2017	1. Cooperation with Jasa Marga and EOO Energy 2. Discussion on Human Resources in Subsidiaries 3. Gas Supply Cooperation for Rusunawa DKI Jakarta	√	√	√	√	√	√
3	January 31, 2017	1. Discussion of Financial Statements and Annual Reports for GSM Preparation for 2017 2. Discussion of Cooperation with Customers 3. Discussion of Customer Selling Price Scheme	√	√	√	√	√	√
4	February 27, 2017	1. Preparation of GMS 2017 2. Discussion of Customer Selling Price Scheme 3. Proposed Adjustment of Organizational Structure of Marketing & Product Development	√	√	√	√	√	√
5	March 3, 2017	1. Preparation of GMS 2017 2. Financial Report Update Year 2016	√	√	√	√	√	√

PERIOD OF JANUARY 1 – MAY 4, 2017								
No.	Date	Meeting Agenda	Hendi Prio Santoso	Nusantara Suyono	Danny Pradiya	Dilo Seno Widagdo	Muhammad Wahid Sutopo	Hendi Kusnadi
6	March 13, 2017	1. Discussion on the Remuneration of the Board of Directors 2. Update the Dynamics of Gas Industry Regulation and PGN Response Requirement 3. PGN Group Product Management & Joint Marketing Initiative 4. Corporate KPI 2016	√	√	√	√	√	√
7	March 23, 2017	1. Update gas price of PT Grissik Migas 2. Re-innovate LOM Agreement 3. Discussion on Updates of	√	√	√	√	√	√
8	April 10, 2017	Preparation for BOC – BOD Meeting	√	√	√	√	√	√
9	May 2, 2017	Performance Incentives (IK) of Board of Directors and Board of Commissioners of Subsidiaries for Fiscal Year 2016	√	√	√	√	√	√
<b>Total Attendance</b>			<b>9 times</b>	<b>9 times</b>	<b>9 times</b>	<b>9 times</b>	<b>9 times</b>	<b>9 times</b>
<b>% Total Attendance</b>			<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

PGN BOARD OF DIRECTORS' MEETING 2017 PERIOD OF MAY 5 – AUGUST 15, 2017								
No.	Date	Meeting Agenda	Jobi Triananda Hasjim	Nusantara Suyono	Danny Pradiya	Dilo Seno Widagdo	Desima Equalita Siahaan	Gigih Prakoso
1	May 8, 2017	1. Discussion on <i>RKAP</i> 2017 and Achievement of TW 1 2017 2. Presentation of Company Organization Structure 3. Board Manual Exposure and AD/ART Changes	√	√	√	√	√	√
2	May 16, 2017	1. Proposed Form of Cooperation Duri - Dumai 2. Development of Distribution Channel 3. Purchase of PT Krakatau Daya Listrik (KDL) Pipeline Assets 4. Discussion on the Subsidiaries' Corporate Strategy	√	√	√	√	√	√
3	May 22, 2017	1. Report of Chronology of Fatality Incident in Bekasi 2. Aspects of HSSE by PT PGAS Solution (PGASSOL) related to the Fatality Incident 3. Explanation by Project Management Office (PMO) on the Incident	√	√	√	√	√	√
4	May 24, 2017	1. Preparedness of Cooperation of Transmission Pipe Network Duri - Dumai 2. Acquisition of KDL Pipelines 3. Approval of the Board of Directors regarding the Shareholders' Resolutions in Subsidiaries/Affiliates	√	√	√	√	√	√
5	May 30, 2017	1. Update on the Preparation of Duri - Dumai 2. Babelponi PT PGN LNG Indonesia	√	√	√	√	√	√
6	June 2, 2017	Optimization of MIRRA 2-4 & 8 Jakarta and Pekayon Bekasi	-	√	√	√	√	√
7	June 5, 2017	1. Explanation of the President Director related to the Fatality Incident in Jakarta 2. Explanation of the Fatality Incident by PMO and PGASOL 3. Explanation of Incident Prevention from Risk Management and HSSE	√	√	√	-	√	√



**PGN BOARD OF DIRECTORS' MEETING 2017**  
**PERIOD OF MAY 5 – AUGUST 15, 2017**

No.	Date	Meeting Agenda	Jobi Triananda Hasjim	Nusantara Suyono	Danny Pradiyta	Dilo Seno Widagdo	Desima Equalita Siahaan	Gigih Prakoso
8	June 6, 2017	<ol style="list-style-type: none"> <li>1. Preparation of MoU between PGN and PJT II - Sinergi SOE</li> <li>2. PGN Gas Distribution Scheme to PLN Group</li> <li>3. RKAP Prognosis 2017</li> <li>4. Transaction Scheme of PGN - PGN LNG Indonesia</li> <li>5. Cashflow Position and Implementation of the Programs of PGN LNG Indonesia</li> <li>6. Proposed Agenda of GMS Fiscal Year 2016 PGN LNG Indonesia</li> <li>7. VAST Service Agreement between TGI - PGASCOM</li> </ol>	✓	✓	-	✓	✓	✓
9	June 19, 2017	<ol style="list-style-type: none"> <li>1. Follow up of BPK RI's Findings</li> <li>2. Special Price Policy for PT Krakatau Electricity and Other Industries</li> <li>3. PGN Gas Distribution Scheme to PLN Muara Tawar</li> <li>4. Proposed Agenda of the AGMS of Fiscal Year 2016 of PGN Mas and PGAS Solution</li> </ol>	✓	✓	✓	✓	✓	✓
10	June 20, 2017	<ol style="list-style-type: none"> <li>1. Ratification of the Settlement Agreement in Relation to the Final Award dated February 8, 2016 in the Arbitration between ConocoPhillips (Grissik) Ltd. and Petrochina International Jabung Ltd.</li> </ol>	✓	✓	✓	✓	✓	✓
11	June 21, 2017	HR Committee Meeting	-	-	✓	✓	-	-
12	July 4, 2017	<ol style="list-style-type: none"> <li>1. Update on Good Corporate Governance</li> <li>2. Ratification of TGI Technical Assistance Agreement Amendment to PGASOL for O &amp; M KJG</li> <li>3. Use and Utilization of PGN Group Land Assets</li> </ol>	✓	✓	✓	✓	✓	✓
13	July 6, 2017	<ol style="list-style-type: none"> <li>1. BUGP Performance and Commercial Issues</li> <li>2. Management and Transfer of Ex-SSWJ Materials</li> <li>3. Commercialization of FSRU Lampung and Project Update PGN LNG</li> <li>4. Follow-up of SSWJ Ex-Project Materials</li> <li>5. Others</li> </ol>	✓	✓	✓	✓	✓	✓
14	July 7, 2017	<ol style="list-style-type: none"> <li>1. Response to the Letter of BPH Migas related to Transportation Activity Dues</li> <li>2. Review of PGN Organization (Point of Contact PGN)</li> <li>3. Others</li> </ol>	✓	✓	✓	✓	✓	✓
15	July 11, 2017	<ol style="list-style-type: none"> <li>1. Discussion of BPH Migas Response Letter</li> <li>2. Presentation of Incident Investigation Results</li> <li>3. Others</li> </ol>	✓	✓	✓	✓	✓	✓
16	July 13, 2017	<ol style="list-style-type: none"> <li>1. Update Scenario of Impairment of PT PGN LNG Indonesia Assets</li> <li>2. Approval of Selection of Partners Related to Babelponi Project Tender</li> <li>3. Renewal of Purchase Contract Extension of Muara Tawar Gas Year 2017</li> <li>4. Approval for Write-Off of Material and Inventory Assets</li> </ol>	✓	✓	✓	✓	✓	✓
17	July 17, 2017	<ol style="list-style-type: none"> <li>1. Development of Oil and Gas Holding Plan</li> <li>2. Others</li> </ol>	✓	✓	✓	✓	✓	✓
18	July 18, 2017	<ol style="list-style-type: none"> <li>1. Financial Performance of First Semester of 2017</li> <li>2. Update on the Status of Investment Asset Transfer</li> <li>3. Performance of Customer Attachment Project</li> <li>4. Commercial Performance of First Semester of 2017</li> <li>5. Adjustment of RKAP and KPI of Subsidiaries</li> <li>6. Recovery Plan of Kepodang Field Supply Decline - PCML</li> <li>7. Others</li> </ol>	✓	✓	✓	✓	✓	✓

**PGN BOARD OF DIRECTORS' MEETING 2017****PERIOD OF MAY 5 – AUGUST 15, 2017**

No.	Date	Meeting Agenda	Jobi Triananda Hasjim	Nusantara Suyono	Danny Praditya	Dilo Seno Widagdo	Desima Equalita Siahaan	Gigih Prakoso
19	July 25, 2017	1. Preparation of BoD – BoC Meeting 2. Update on Duri – Dumai Project 3. HR Committee	√	√	√	√	√	√
20	August 1, 2017	1. Update on Company Transformation 2. Update on PGAS Performance until Semester I 2017 3. CR TGI Approval for Joint Utilization Agreement Grissik Metering System for Grissik Singapore Pipeline 4. Commitment Agreement for Natural Gas Distribution Readiness of Duri – Dumai Pipelines 5. Pricing and Utilization of PGN Gas for Lirik Field 6. Update on Duri – Dumai Thorny Transmission Project 7. Update on Purchase of KDL Assets 8. Update on Project and Safety Training	√	√	√	√	√	√
21	August 7, 2017	1. SAKA Investment 2. Employee Remuneration	√	√	√	√	√	√
22	August 15, 2017	1. Presentation of Consolidated Financial Statements 2. Update on Duri – Dumai Pipeline Construction of Duri Pipes - Dumai 3. Preparation of RKAP Guidelines 4. PGN Group Remuneration 5. Others	√	√	√	√	√	√
<b>Total Attendance</b>			<b>20 times</b>	<b>21 times</b>	<b>21 times</b>	<b>21 times</b>	<b>21 times</b>	<b>21 times</b>
<b>% Total Attendance</b>			<b>90.91%</b>	<b>95.45%</b>	<b>95.45%</b>	<b>95.45%</b>	<b>95.45%</b>	<b>95.45%</b>

**PGN BOARD OF DIRECTORS' MEETING 2017****PERIOD OF AUGUST 15 –DECEMBER 31, 2017**

No.	Date	Meeting Agenda	Jobi Triananda Hasjim	Nusantara Suyono	Danny Praditya	Dilo Seno Widagdo	Desima Equalita Siahaan
1	August 22, 2017	1. Update on PGN LNG Project Initiative 2. Discussion of Government Regulation (Permen) No. 19 of 2009 and Permen of Downstream Gas Price 3. Organizational Impacts related to Assignment of Strategic Director and Business Development	√	√	√	√	√
2	September 1, 2017	1. Extension of Gas Distribution and Exemption of Customer Surcharge 2. Determination of Customer's Special Pricing	√	√	√	√	√
3	September, 4 2017	1. Preparation of FGD of Oil & Gas Holding 2. Preparation of High Level Meeting of Oil & Gas BOH 3. Matters Related to the Subsidiaries and Affiliates 4. Commercial Issues 5. Others	√	√	√	√	√
4	September 19, 2017	1. Utilization of PGN Assests in Megamendung and Daan Mogot 2. Others	√	√	√	√	√

**PGN BOARD OF DIRECTORS' MEETING 2017**  
**PERIOD OF AUGUST 15 –DECEMBER 31, 2017**

No.	Date	Meeting Agenda	Jobi Triananda Hasjim	Nusantara Suyono	Danny Praditya	Dilo Seno Widagdo	Desima Equalita Siahaan
5	October 2, 2017	1. Jargas Price Adjustment 2. PJBG Adjustment 3. Update on Competition Map	√	√	√	√	√
6	October 3, 2017	1. Update on Duri – Dumai Transmission Project 2. Financial Projection Update 3. CR AGMS TGI 4. Site Letter Carry Agreement Muara Bakau 5. Changes in the Composition of the Board of Commissioners of Subsidiaries and Affiliates 6. Widar Investment Plan 7. PJBG Update 8. WJD/WNT Implementation Strategy 9. Changes in the Composition of the Board of Commissioners of SAKA, KJG, and PGASSOL	√	√	√	√	√
7	October 10, 2017	1. Commercial Update 2. Proposed Revision of PGASCOM's <i>RKAP</i> 3. LNG-related Project Initiatives 4. Others	√	√	√	√	√
8	October 20, 2017	1. Update Pasokan Gas 2. Update Isu Komersial (Tindak Lanjut Pengelolaan Kompetisi/ Project Libra) 3. Update Proyek Duri – Dumai 4. Update Holding Migas 5. CR TGI terkait Gas Chromatograph 6. Update Sengketa Pajak	√	√	√	√	√
9	October 24, 2017	1. Gas Supply Update 2. Update of Commercial Issues (Competition Management Follow-Up/ Libra Project) 3. Duri – Dumai Project Update 4. Oil Holding Update 5. CR TGI related Gas Chromatograph 6. Tax Dispute Update	√	√	√	√	√
10	October 31, 2017	1. Discussion of the Achievement of <i>RKAP</i> TW 3 2017 2. Proposed <i>RKAP</i> 2018 3. Changes in the Management Composition of the Subsidiaries and Affiliates	√	√	√	√	√
11	November 7, 2017	1. Preparation for BoD – BoC Meeting 2. Others	√	√	√	√	√
12	November 21, 2017	1. Update on <i>RKAP</i> 2018 2. Update on KPKU and Corporate KPI 3. PGN LNG Business Update 4. Update on KPPU and Fiducia Libra Project 5. Romeo Project Update	√	√	√	√	√
13	November 21, 2017	1. Signing of Amendment and Re-Statement of Utilization of Lampung LNG Terminal as an Integrated Infrastructure between the Company and PGN LNG	√	√	√	√	√
14	November 24, 2017	1. Finalization of <i>RKAP</i> 2018 2. Corporate KPI Update 3. Update HCM Update	√	√	√	√	√

**PGN BOARD OF DIRECTORS' MEETING 2017**  
**PERIOD OF AUGUST 15 –DECEMBER 31, 2017**

No.	Date	Meeting Agenda	Jobi Triananda Hasjim	Nusantara Suyono	Danny Praditya	Dilo Seno Widagdo	Desima Equalita Siahaan
15	November 28, 2017	<ol style="list-style-type: none"> <li>Finalization of <i>RKAP</i> and Corporate KPI of 2018</li> <li>Update on Expansion Plan in Petrochemical Sector</li> <li>Approval for Contract Renewal of Mario Simag</li> <li>Update on Oil and Gas Holding Plan</li> </ol>	√	√	√	√	√
16	December 7-8, 2017	<ol style="list-style-type: none"> <li>Update on the Implementation of Oil and Gas Holding</li> <li>Gas Supply Update in North Sumatra</li> <li>PGN as the LNG Seller of the State</li> <li>Update on KJG</li> <li>Implementation of Corporate Culture</li> <li>Update on Cost Structure</li> <li>Extraordinary Occurrence (KLB) of Diphtheria</li> </ol>	√	√	√	√	√
17	December 12, 2017	<ol style="list-style-type: none"> <li>Preparation of Oil and Gas Holding Meeting</li> <li>Business Development Plan in the Philippines</li> </ol>	√	√	√	√	√
18	December 18-19, 2017	<ol style="list-style-type: none"> <li>Update on SAKA</li> <li>Update on Board Manual</li> <li>Update on Gas Price to Traders</li> <li>LDC Cooperation Update</li> <li>Surcharge Free Policy Update</li> <li>HCM Agenda</li> </ol>	√	√	√	√	√
19	December 19, 2017	<ol style="list-style-type: none"> <li>Changes in the Articles of Association of SAKA</li> <li>JV Trading Arm</li> </ol>	√	√	√	√	√
<b>Total Attendance</b>			<b>19 times</b>	<b>19 times</b>	<b>19 times</b>	<b>19 times</b>	<b>19 times</b>
<b>% Total Attendance</b>			<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The Board of Directors' decisions made in a circular manner are as follows:

No.	Meeting Date	Subject
1	March 13, 2017	The Agreement of Gas Sale and Purchase Cooperation with Grissik Oil & Gas
2	March 23, 2017	Approval for Amendment of PJBG HCML - BD Field and Gas Buying Price Agreement from Conocophillips Grissik for Duri – Dumai Project
3	April 7, 2017	Issuance of PT Saka Energi Indonesia Commercial Bonds & Loans
4	April 17, 2017	Voluntary Pre-payment of Syndicated Loan Year 2014
5	May 3, 2017	The Agreement Document of the Company and PT PGN LNG Indonesia
6	May 16, 2017	GSPA Signing with ConocoPhillips Grissik for Duri – Dumai Project
7	May 24, 2017	<ol style="list-style-type: none"> <li>Amendment of the Facility Agreement between the Company and PT Kalimantan Jawa Gas ("KJG") and KJG Corporate Acts in the Form of Bank Loan Agreement</li> <li>Ratification for Joint Utilization of Grissik Metering System for Grissik – Duri Pipeline and Ratification for Joint Use Agreement of Delivery Point Metering Facilities</li> <li>KPPS Circularly on PT Saka Energi Indonesia's AGMS of FY 2016</li> </ol>
8	June 2, 2017	KPPS Circularly on PT Gagasan Energi Indonesia's AGMS of FY 2016
9	June 6, 2017	<ol style="list-style-type: none"> <li>KPPS Circularly on PT PGN LNG Indonesia's AGMS of FY 2016</li> <li>VSAT Service Agreement between PT Transportasi Gas Indonesia and PT PGAS Telekomunikasi Nusantara</li> </ol>
10	June 19, 2017	<ol style="list-style-type: none"> <li>PT PGAS Solution's AGMS</li> <li>PT Permata Graha Nusantara's AGMS</li> </ol>
11	June 22, 2017	TGI's AGMS

No.	Meeting Date	Subject
12	July 4, 2017	Ratification of TGI Technical Assistance Agreement Amendment to PGAS Solution for O & M KJG
13	July 5, 2017	KPPS PT Nusantara Regas on Approval for Extension of Short-Term Loans
14	July 6, 2017	Duri – Dumai
15	July 13, 2017	KPPS PT Nusantara Regas on KPI/Performance Agreement Year 2017
16	July 18, 2017	1. Ratification of Adjustment <i>RKAP</i> and Key Performance Indicator of 2017 of Subsidiaries and Affiliates 2. Asset Classification and Inventory Team in Development
17	July 27, 2017	Approval for PLI Participation in KITE Power Generation Project
18	July 31, 2017	Approval for Purchase of PT Krakatau Daya Listrik's Pipelines
19	August 1, 2017	Ratification for Joint Utilization Agreement of Delivery Point Metering Facilities
20	August 15, 2017	1. Appointment of Acting Director of Strategy and Business Development 2. Approval of Development and Operation of Natural Gas Pipes from Duri to Dumai
21	August 22, 2017	1. Ratification of Crossing Agreement with JOB Pertamina – Talisman Jambi Merang to PT TGI 2. Signing of LNG Lampung Terminal Utilizing Agreement
22	October 3, 2017	TGI's AGMS FY 2016
23	November 1, 2017	Revised <i>RKAP</i> 2017 of PT PGAS Telekomunikasi Nusantara
24	December 22, 2017	PNOC Tender Document Submission

## BOARD OF DIRECTORS AND CORPORATE PERFORMANCE ASSESSMENT

### Board Of Director And Corporate Performance Assessment Procedure

The performance evaluation of the Board of Directors was conducted using the KPIs based on the Excellent Performance Assessment Criteria (*KPKU*) of the State-Owned Enterprises (SOEs) referring to Letter of the Ministry of State-Owned Enterprises No. S-08/S.MBU/2013 dated 16 January, 2013 on the Submission of KPI Determination and Excellent Performance Assessment Criteria for SOEs, which was adapted from the Malcolm Baldrige system and assessed by a certified evaluation team appointed by the Ministry of SOEs.

### Board Of Director And Corporate Performance Assessment Criteria

The performance criteria/indicators to measure the performance of the Board of Directors/Company are based on the Letter of the Ministry of State-Owned Enterprises No. S-08/S.MBU/2013 dated January 16, 2013 on the Submission of Guideline

for KPI Determination and Excellent Performance Assessment Criteria for SOEs including:

1. Implementation on Board of Directors' tasks and responsibilities based on Company's Articles of Association;
2. Implementation of AGMS 2017 resolution results;
3. Implementation of Board of Directors KPIs (Key Performance Indicators) in 2017 based on Excellent Performance Assessment Criteria (*KPKU*) covering 5 perspectives, namely:
  - a. Financial and Market Perspective;
  - b. Customer Focus Perspective;
  - c. Product Effectiveness and Process Focus;
  - d. Labor Focus Perspective;
  - e. Leadership, Governance, and Social Responsibility Perspective.

### Assessing Party

Assessment of the performance of the Board of Directors through Excellent Performance Assessment Criteria KPIs conducted by a Certified Evaluator Team appointed by the Ministry of SOEs. Assessment was conducted by a Certified Evaluator Team.

The following is the Company's Key Performance Indicators (KPIs), which focus on the most dominant aspects of Company performance in determining the Company's current and future successes. The Company's KPI realization score for 2017 was 97.11.

KPKU-Based Key Performance Indicators		Weight	2017 Target	% Realization	Score
1		2	3	4	5 = 2 x 4
	Product and Process Effectiveness	20			19.02
I-1	PGN Gas Management Volume	11	944.20 mmscfd	90.61	9.97
I-2	Infrastructure Reliability	9	98%	100.58	9.05
	Customer	22			23.10
II-1	Customer Satisfaction Index	10	5,10 (scale 1-6)	105.00	10.50
II-3	Customer Retention Rate	12	5%	105.00	12.60
	Labor Focus	17			17.85
III-1	Labor Development	17	100%	105.00	17.85
	Leadership and Social Responsibility	17			17.14
IV-2	KPKU score	8	EIL (625.00)	100.96	8.08
IV-3	GCG Score	9	Very good (93.94)	100.71	9.06
	Finance and Market	24			23.94
V-1	EBITDA	12	USD886.11 million	93.72	11.24
	Infrastructure Development	12	90%	105.80%	12.69
<b>Total Score</b>		<b>100</b>			<b>101.04</b>

## BOARD OF DIRECTOR'S REMUNERATION Remuneration Procedure Of The Board Of Directors

The determination of remuneration for the Board of Directors refers to the Regulation of the Minister of State-Owned Enterprises No. PER-04/MBU/2014 concerning Guidelines for the Stipulation of Income for the Board of Directors, Board of Commissioners, and Board of Supervisors of State-Owned Enterprises as last amended by the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia No. PER-01/MBU/06/2017 on the Second Amendment to the Regulation of the Minister of State-Owned Enterprises on the Guidelines for the Stipulation of Income for the Board of Directors, Board of Commissioners, and Board of Supervisors of State-Owned Enterprises dated June 20, 2017.

Based on the Regulation of the Minister of State-Owned Enterprises, the principle of determination of the Board of Directors' income shall be determined by the General Meeting of Shareholders of the fiscal year 2016 on May 4, 2017, whereby the components of the Board of Directors' income consist of:

1. Salary;
2. Allowances consisting of:
  - a. Religious holidays allowance;
  - b. Pension insurance;
  - c. Housing allowance.
3. Facilities consisting of:
  - a. Vehicle facilities;
  - b. Health facilities;
  - c. Legal aid facilities.
4. Performance Bonus/Incentive, in which the bonus may be granted an additional Long Term Incentive/LTI.

## BOARD OF DIRECTOR'S REMUNERATION STRUCTURE

Based on the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia No. PER-01/MBU/06/2017 on the Second Amendment to Regulation of the Minister of State-Owned Enterprises Number PER-04/MBU/2014 on Guidelines for Stipulation of Income for Directors, Board of Commissioners and Board of Supervisors of State-Owned Enterprises, the principle of determination of the Board of Directors' income is determined by the General Meeting of Shareholders (GMS). The components of the Board of Directors' income consist of:

1. Salary
    - a. The salary of the President Director is determined using the internal guidance stipulated by the Minister;
    - b. The salary of other members of the Board of Directors is determined by the composition of Position Factor by 90% of the President Director's salary;
    - c. In the event that a member is holding a position other than the President Director and Director, the amount of Position Factor as referred to in point b shall be determined by the GMS;
    - d. The GMS may determine the amount of different Position Factors with the provisions referred to in letter b if it is deemed to be more likely to reflect fairness and decency in the execution of the duties and responsibilities of each member of the Board of Directors and the capability of the company;
    - e. Each year, the GMS may adjust the salary of the members of the SOE Board of Directors against the impact of inflation, the stipulation of which applies for all state-owned enterprises. The inflation adjustment factor for the calculation of salary of the members of the SOEs Board of Directors every year is determined by the Secretary of the Ministry of SOEs, which can range from 0% to 50% of the previous year's inflation based on the determination of Bank Indonesia or other authorized institutions;
    - f. The amount of salary for the members of the SOE Board of Directors shall be determined by the GMS every year for one fiscal year since January of the current year;
    - g. In the event that the GMS does not specify the amount of salary of a member of the SOE's Board of Directors for a particular year, the salary amount of the said member of the Board of Directors shall be based on the most recent amount determined and enacted by the GMS;
  - h. Taking into account the best practice of competitive professional salary market in the same industry and/or equivalent business scale, and the condition of the company's financial capability, the GMS may determine the salary of the President Director to be greater than the Salary of the President Director based on the formula as referred to in point a or vice versa;
  - i. To obtain information on the best practice of the professional salary market as referred to in point h, the GMS may conduct a review or request the Board of Commissioners to conduct a review and submit a report on the results of the review prior to the Annual General Meeting of Shareholders. The review may be undertaken using an independent consultant competent in the field.
2. Board of Directors' Allowances
    - a. Religious holidays allowance  
The religious holiday allowance is given as many as one time of salary.
    - b. Housing Allowance  
Housing allowance, include utility fees granted on a monthly basis of 40% (forty percent) of Salary, with the maximum limit of:
      - Rp27,500,000 (twenty million five hundred thousand rupiah) for the National Capital regions;
      - Rp25,000,000 (twenty five million rupiah) for Provincial Capital regions;
      - Rp22,500,000 (twenty two million five hundred thousand rupiah) for the Regency and Municipality regions.
    - c. Pension Insurance
      - Pension Insurance is provided during the term of office (starting from appointment until retirement);
      - The premiums borne by the Company is 25% of the salary within one year;
      - The selection of program for pension insurance is determined by each member of the Board of Directors, Board of Commissioners, and Board of Supervisors of SOEs;
      - The provision of premiums, dues, or other terms relevant to the pension insurance includes premiums for insurance of accidents and death.

### 3. Facilities

#### a. Vehicle Facilities

Vehicle facilities are provided with the following terms:

- A member of the Board of Directors shall only be entitled to one vehicle from the Company;
- The vehicle, as well as its maintenance and operational costs, is provided with regard to the Company's financial condition;
- The specifications and standards of the vehicle shall be determined by the GMS/Minister;
- in the event that the member of the Board of Directors is no longer in office, then within 30 (thirty) days after his term of office, he/she shall return the vehicle to the his/her SOE;
- in the case of a member of the Board of Directors is concurrently serving as a member of the Board of Commissioners in a subsidiary/joint venture company, and he/she chooses to use the vehicle/ transportation allowance of the subsidiary/ joint venture (if any), he/she shall not be provided the vehicle and transportation allowance from his/her SOE.

#### b. Health Facilities

Health facilities are provided with the following terms:

- Health facilities are provided in the form of health insurance or reimbursement of medical expenses;
- Health facilities are given to members of the Board of Directors along with a wife/ husband and a maximum of three children who have not reached the age of 25 (twenty five) with the condition that if the children who have not reached the age of 25 (twenty five) years has already married or worked, then the respective children will not have the right to obtain the health facilities;
- The facilities provided are outpatient care and medication, inpatient care and medication, and medical check-up;

- In case of the doctor providing recommendations to seek medication abroad, the provision of health facilities can be provided fully or partly with regard to the company's financial capability;
- Medical Check-up is provided under the following conditions:
  - a) Medical Checkup is given one time per year;
  - b) Medical Checkup is performed within the country.
- In the case of a member of the Board of Directors is concurrently serving as a member of the Board of Commissioners of a subsidiary/joint venture company, then the he/she shall only be given one health benefits, namely that of the State-Owned Enterprise.

#### c. Legal Aid Facilities

Legal aid facilities are provided with the following terms:

- The Legal Aid Facilities are provided in the event of an action /deed for and on behalf of the office of a member related to the intents and purposes, as well as the business activities of the Company;
- A member of the Board of Directors who intends to use the Legal Aid Facilities shall make a statement on a duty-stamped paper to explain that his/her position in a particular case is not as a private individual and that he is willing to return the Legal Aid facility to the company if it is proven that his/her position in the case is as a private individual;
- Legal aid facilities are provided in the form of financing of the office of an attorney/ Legal Consultant, including the investigation process as a witness, suspect, and defendant in a court;
- The attorney/Legal Consultant office service that may be financed by the company is only for one lawyer/Legal Consultant for one particular case;



- The appointment of lawyer/Legal Consultant is done by the company in accordance with the provisions of the procurement of goods and services applicable to each company;
- In the event that he/she is convicted and punished by a court with a decision that has a permanent legal force, then the cost of the lawyer/Legal Consultant both paid or unpaid by the company becomes the convict's burden;
- In the event that the defendant is freed/declared not guilty by the court with a decision with a permanent legal force, the cost of lawyer/Legal Consultant becomes the burden of the company;
- The cost of lawyer's/Legal Consultant's office is provided with due regard to the principles of fairness, transparency, and accountability in accordance with applicable regulations, as well as taking into account the financial capacity of the company;
- As long as the legal issue does not yet have a permanent legal force, then the pension insurance of the member of the Board of Directors is not paid and is included in a special account held by the SOE's Board of Directors as collateral for the court fees incurred by the company. The member of the Board of Directors receiving the legal aid facility shall make a statement on a sufficiently duty-stamped paper to explain that he/she is willing to make his/her pension insurance as a collateral for the court fees incurred by the company;
- In the event that said member of the Board of Directors use a lawyer/Legal Consultant on their own choosing either at the investigation level, the court of first instance, appeal, cassation, or judicial review, the attorney's/Legal Consultant's fees are not borne by the company;
- A member of the Board of Directors who use an attorney's/Legal Consultant's office financed by the company shall be obliged to make a statement to reimburse the costs incurred by the company if he/she is convicted by the court with a decision that has a permanent legal force;
- The Company shall not bear the cost of a lawyer/Legal Consultant in the case of a member of the Board of Directors becoming a witness, a suspect, or a defendant because due to a criminal process reported by the relevant SOE, the State as a Legal Entity or a State Institution or Government Institution, or a party specified by the GMS/Minister;
- The member of the Board of Directors sued is prohibited from engaging in decision-making regarding the appointment of an attorney/Legal Consultant office;
- In Civil or State Administration (TUN) cases, the cost of the case is borne by the company, insofar as:
  - a) There is only one attorney/Legal Consultant used for one particular case;
  - b) The appointment of an attorney/Legal Consultant is done by the company in accordance with the provisions of the procurement of goods and services applicable to each company;
  - c) The attorney/Legal Consultant fees are legal and legally accountable costs;
  - d) The member of the SOE Board of Directors is sued for legal matters arising in the course of execution of company duties in accordance with applicable regulations;
  - e) The plaintiff or defendant is a party other than the SOE concerned, the State (State as a Legal Entity or State Institution or Government Institution), or a certain party determined by the GMS/Minister.

- The SOE shall be obliged to provide legal aid facility to a former member of the Board of Directors in the event of legal problems arising because the his/her actions/deeds for and on behalf of his/her office relating to the intents and purposes, as well as business activities of the company, in which he/she has served as a member of the SOE Board of Directors;
- Provisions concerning the provision of legal aid facilities as referred to from item 1) up to item 14), shall apply mutatis mutandis to the provision of legal aid facilities for former members of the SOE Board of Directors as referred to in item 15).

#### 4. Performance Bonus/Incentive

- a. SOE could grant Tantiem/Performance Incentive (Tantiem/IK) to the Board of Directors, Board of Commissioners, and Board of Supervisors based on the stipulation of the GMS/Minister in the ratification of the Annual Report with the following conditions:

- At least a Qualified Opinion is received from the opinion released by the auditor;
- Realization of the lowest level of health with a value of 70 (seventy). Such achievement is without putting into calculation the liability/profit due to the action by the previous Board of Directors;
- KPI achievement is at least 80% (eighty percent). Such achievement is without putting into calculation factors beyond the control of the Board of Directors;
- The Company's does not incur more loss than previous year for a company which is already at a loss condition, or does not become at loss for company which previously is not at a loss condition.

- b. Tantiem/IK shall be the expense of the relevant fiscal year and therefore shall be specifically budgeted in the *RKAP* of that year, except for LTI that could not be budgeted.

- c. Tantiem/IK budget should be connected with KPI targets in accordance to the *RKAP* of the relevant year.

- d. The Tantiem/IK is distributed proportionally based on the KPI achievement on the relevant years, with the condition that since fiscal year 2017, KPI should also considers the criteria of achievement in tasks executor as agent of development which is stipulated by the Minister independently, that include the following factors:

- Synergy between SOE;
- Downstreaming and local content;
- Economic development in integrated areas.
- Financial independency and value creation; and
- Government assignment.

- e. If the distribution of Tantiem/IK is exceeding the Tantiem/IK budget in the *RKAP*, such budget deficit will be calculated as costs in the relevant fiscal year.

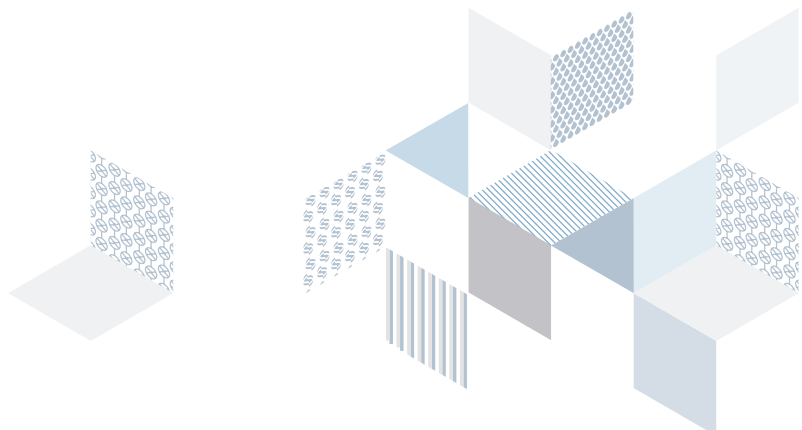
- f. The stipulation of Tantiem/IK budget is using the guideline established by the Minister.

- g. Prior to approving the *RKAP* of the relevant SOE, the Board of Commissioners should first consult with Series A Dwiwarna Shareholder to determine the Tantiem budget.

- h. The Tantiem/IK calculation is using the guideline established by the Minister.

- i. Considering the performance of the company and/or the special condition of the business of the company, the Minister could determine a Tantiem/IK that is different than the calculation result based on the guideline established by the Minister.

- j. Considering the fairness and/or quality of profit of the company and/or financial ability and/or other relevant factors, the GMS could stipulate a Tantiem/IK that is lower than the calculation based on the guideline stipulated by the Minister.
- k. In case the term of service for the member of the Board of Director, Board of Commissioner, and Board of Supervisor does not reach 12 (twelve) months in the relevant fiscal year, the amount of Tantiem/IK is adjusted to their respective term of service in the relevant fiscal year.
- l. The composition of the amount of Tantiem/IK for the Board of Director, Board of Commissioner, and Board of Supervisor of SOE follows the Position Factor as follows:
- President Commissioner 45% (forty five percent) of the salary of the President Director;
  - Members of the Board of Commissioners 90% (ninety percent) of the President Commissioner.
- m. If there are positions other than President Director/President Commissioner and Director/member of Board of Commissioners, the amount of Position Factor as stated in point l is determined by the GMS.
- n. The GMS determined a different amount of Position Factor as stated in point m if it is regarded that it could reflect more fairness in task execution and responsibilities of each member of the Board of Director, Board of Commissioner/Board of Supervisor as well as the ability of the company.
- o. The income tax over Tantiem/IK will be borne and become the liability of each member of the Board of Director, Board of Commissioner, and Board of Supervisor of the relevant SOE.
- p. GMS could consider giving LTI to the member of the Board of Board of Director, Board of Commissioner/Board of Supervisor of SOE as a part of Tantiem which form the aspect of performance and governance already approaching international best practice, with considerations as follows:
- Integrating the concern of the management of the company (member of the Board of Director, Board of Commissioner/Board of Supervisor) with shareholder/capital holder in accordance to international best practices;
  - Giving motivation to increase future performance;
  - Giving reward for the effort to maintain and/or increase the long term share value including in a less favorable condition for public company;
  - Encourage SOE to become world class company by constantly comparing its performance and governance with international best practices.
- Further regulation concerning LTI is as stated in Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia No. PER-01/MBU/06/2017 regarding Second Amendment to the Regulation of the Minister of State-Owned Enterprises No. PER-04/MBU/2014 concerning Guidelines for Determining Salaries of Board of Directors, Board of Commissioners, and Board of Supervisors of State-Owned Enterprises.



The distribution of remuneration to each member of the Board of Commissioners has been carried out based on the decision of Annual General Meeting of Shareholders on April 8, 2016 and Letter of Main Commissioner to President Director of PT PGN(Limited) Tbk No.29/D-KOM/2016 dated June 29, 2016 with reference to the letter of the Minister of SOE No.: S-83/D2.MBU/06/2016 dated June 28, 2016 regarding the stipulation of salary/honorarium, allowances, and facilities for the year 2016 and performance bonus of the accounting year 2015.

The remuneration structure of Directors (in one year) in 2016 is as follows:

REMUNERATION OF THE BOARD OF DIRECTORS PER 2017				
No.	Component	President Director (Rp)	Director (Combined) (Rp)	Total (Rp)
1	Salary (Net)	2,460,000,000.-	11,070,000,000.-	13,530,000,000.-
2	Allowances (Net)			
	• Religious Holiday Allowance	205,000,000.-	922,500,000.-	1,127,500,000.-
	• Pension Insurance	615,000,000.-	2,767,500,000.-	3,382,500,000.-
	• Housing Allowance	330,000,000.-	1,650,000,000.-	1,980,000,000.-
	<b>TOTAL</b>	<b>3,610,000,000.-</b>	<b>16,410,000,000.-</b>	<b>20,020,000,000.-</b>
3	Bonuses (Gross)	9,247,497,876.-	41,613,740,442.-	50,861,238,318.-
4	Other Facilities			
	• Vehicle Facilities	One unit with a maximum 3,500cc including maintenance and operational cost		
	• Health Facilities	At cost as per PER-04/MBU/2014 jo. PER-02/MBU/2016		
	• Legal Aid Facilities	At cost as per PER-04/MBU/2014 jo. PER-02/MBU/2016		

Note:

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.

## INDICATORS FOR DETERMINING REMUNERATIONS OF THE BOARD OF DIRECTORS

In the formulation of indicators of the remuneration of the Board of Directors, the Committee of Nominations, Remunerations, and GCG is assisted by Independent Consultants of PT Mercer Indonesia ("Mercer") to conduct a study before the results of the study were submitted to the Board of Commissioners. The results of the study will be proposed to the Minister of SOE as the Shareholder of Series A Dwiwarna Shareholder. The methods used Mercer are:

1. Reviewing the Remuneration of PGN's President Director by comparing it to market conditions;
2. In determining remuneration-related market data, Mercer compares the PGN remuneration system with the companies in the Fortune 500 list;
3. The parameters used in the selection of a comparable global market are net revenue, business sector (energy sector), and the 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:

- Minister of SOE Regulation No. PER-03/MBU/02/2015 dated February 18, 2015 on the Requirements, Appointment Procedure, and Dismissal of Members of the Board of Directors of State-Owned Enterprises;
- Minister of SOE Regulation No. PER-02/MBU/ 02/2015 dated February 18, 2015 regarding Requirements, Appointment Procedures, 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 on the Board of Directors and Board of Commissioners of 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

AFFILIATE RELATIONSHIPS OF THE BOARD OF DIRECTORS JANUARY 1 – MAY 4, 2017 PERIOD								
Name	Position	Family Relationship With			Financial Relationship With			Shared Ownership at PGN *)
		Other Board of Directors Member	Board of Commissioners	Major Shareholders	Other Board of Directors Member	Board of Commissioners	Major Shareholders	
Hendi Prio Santoso	President Director	X	X	X	X	X	X	X
Nusantara Suyono	Director of Finance	X	X	X	X	X	X	X
Dilo Seno Widagdo	Director of Infrastructure and Technology	X	X	X	X	X	X	X
Muhammad Wahid Sutopo	Director of Strategy and Business Development	X	X	X	X	X	X	X
Danny Praditya	Director of Commerce	X	X	X	X	X	X	X
Hendi Kusnadi	Director of Human Capital and General Service	X	X	X	X	X	X	√

**AFFILIATE RELATIONSHIPS OF THE BOARD OF DIRECTORS  
MAY 4 – AUGUST 15, 2017 PERIOD**

Nama	Position	Family Relationship With			Financial Relationship With			Shared Ownership at PGN *)
		Other Board of Directors Member	Board of Commissioners	Major Shareholders	Other Board of Directors Member	Board of Commissioners	Major Shareholders	
Jobi Triananda Hasjim	President Director	X	X	X	X	X	X	X
Nusantara Suyono	Director of Finance	X	X	X	X	X	X	X
Dilo Seno Widagdo	Director of Infrastructure and Technology	X	X	X	X	X	X	X
Gigih Prakoso	Director of Strategy and Business Development	X	X	X	X	X	X	X
Danny Praditya	Director of Commerce	X	X	X	X	X	X	X
Desima Equalita Siahaan	Director of Human Capital and General Service	X	X	X	X	X	X	X

**AFFILIATE RELATIONSHIPS OF THE BOARD OF DIRECTORS  
AUGUST 16 – DECEMBER 31, 2017 PERIOD**

Nama	Position	Family Relationship With			Financial Relationship With			Shared Ownership at PGN *)
		Other Board of Directors Member	Board of Commissioners	Major Shareholders	Other Board of Directors Member	Board of Commissioners	Major Shareholders	
Jobi Triananda Hasjim	President Director	X	X	X	X	X	X	X
Nusantara Suyono	Director of Finance	X	X	X	X	X	X	X
Dilo Seno Widagdo	Director of Infrastructure and Technology	X	X	X	X	X	X	X
Nusantara Suyono	Director of Strategy and Business Development	X	X	X	X	X	X	X
Danny Praditya	Director of Commerce	X	X	X	X	X	X	X
Desima Equalita Siahaan	Director of Human Capital and General Service	X	X	X	X	X	X	X

\*) Shared ownership by the Board of Directors and Families

**AFFILIATE RELATIONS OF COMMISSIONERS  
JANUARY 1 - MAY 4, 2017 PERIOD**

Nama	Position	Family Relationship With			Financial Relationship With			Shared Ownership at PGN *)
		Other Board of Directors Member	Board of Commissioners	Major Shareholders	Other Board of Directors Member	Board of Commissioners	Major Shareholders	
Fajar Harry Sampurno	President Commissioner	X	X	X	X	X	X	X
Tirta Hidayat	Commissioner	X	X	X	X	X	X	X
Mohamad Ikhsan	Commissioner	X	X	X	X	X	X	X
IGN Wiratmaja Puja	Commissioner	X	X	X	X	X	X	X
Paiman Raharjo	Independent Commissioners	X	X	X	X	X	X	X
Kiswodarmawan	Independent Commissioner	X	X	X	X	X	X	X

**AFFILIATE RELATIONS OF COMMISSIONERS  
MAY 4 - DECEMBER 31, 2017 PERIOD**

Nama	Position	Family Relationship With			Financial Relationship With			Shared Ownership at PGN *)
		Other Board of Directors Member	Board of Commissioners	Major Shareholders	Other Board of Directors Member	Board of Commissioners	Major Shareholders	
Fajar Harry Sampurno	President Commissioner	X	X	X	X	X	X	√
Hendrika Nora O. Sinaga	Commissioner	X	X	X	X	X	X	X
Mohamad Ikhsan	Commissioner	X	X	X	X	X	X	X
IGN Wiratmaja Puja	Commissioner	X	X	X	X	X	X	X
Paiman Raharjo	Independent Commissioners	X	X	X	X	X	X	X
Kiswodarmawan	Independent Commissioner	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 2017, the assessment of GCG implementation in the Company has been conducted by PT Citra Solusi Manajemen 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 No. SK-16/S.MBU/2012 dated June 6, 2012 on the Evaluation and Evaluation Indicators 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, so the assessment results also constitute an 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 and Transparency, and (6) Other Aspects. The number of assessment indicators is 43 (forty three) indicators, while the number of assessment parameters is 153 (one hundred and three) parameters.

### GCG ASSESSMENT RESULTS FOR BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

For 2017, the assessment results on GCG implementation reached a score of 94.61 (ninety four point six one) with the qualification of Very Good. This achievement is an increase year by 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 33,094.

The score achieved on the Board of Commissioners/ Board of Supervisors is 31,994 from a weight of 35,000 or equal to an 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, namely:

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 approved and ratified the RJPP and *RKAP* plans submitted by the Board of Directors;
4. The Board of Commissioners has directed the Board of Directors on the implementation of the Company's plans and policies;
5. The Board of Commissioners has supervised the Board of Directors on the implementation of the Company's plans and policies;
6. The Board of Commissioners exercises supervision over the management of subsidiaries;
7. 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 performance bonuses/ incentives in accordance with applicable regulations and taking into account the performance of the Board of Directors;
8. The Board of Commissioners takes action against potential conflicts of interest concerning itself;
9. The Board of Commissioners has monitored and ensured that good corporate governance practices have been implemented effectively and sustainably;
10. 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;
11. The Board of Commissioners has a Secretary of the Board of Commissioners to support the secretariat duties of the Board of Commissioners;
12. The Board of Commissioners has an effective Board of Commissioners Committee established to support the Board of Commissioners' duties.



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. Provisions regarding immediacy degree time standards to communicate decisions taken by the Board of Commissioners to the Board of Directors has not been fully regulated yet;
2. In the Board Manual, there is no provision regarding the duties and responsibilities of the Board of Commissioners to prepare the annual work plan of the Board of Commissioners and to measure and assess the performance of the Board of Commissioners (self-assessment);
3. In the Board Manual, there has been no provision regarding the duties and responsibilities of the Board of Commissioners to supervise several policies and their implementation, including those related to IT system policy, human resource management policy, accounting and financial reporting policy, procurement policy, quality and service policy, joint venture policy, and the compliance of the Board of Directors in enforcing applicable laws and agreements with third parties;
4. The Board Manual has no set policy and selection criteria for candidates for the Board of Directors, proposing candidates for the Board of Directors to Shareholders, and proposing remuneration for members of the Board of Directors;
5. Provisions on the Code of Conduct of the Board of Commissioners meeting in the Board Manual has not fully regulated the ethics of the meetings and the implementation of the follow-up evaluations of the results of the preceding meetings;
6. The Nomination and Remuneration Committee does not have a committee charter yet and has not yet drafted an annual work plan of the committee, which guides the Nominations and Remunerations Committee in carrying out its duties and responsibilities.

The score achieved on the Aspects of the Board of Directors is 33,094 from a weight of 35,000 or equal to a percentage of achievement of 94.56% (ninety four point five six percent), 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, namely:

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 develops corporate planning;
4. The Board of Directors plays a role in fulfilling the company's performance targets;
5. The Board of Directors has carried out operational and financial controls on the implementation of the company's plans and policies;
6. The Board of Directors performs the management of the company in accordance with the prevailing laws and regulations and the Company's Articles of Association;
7. The Board of Directors has maintained a value-added relationship between the Company and Stakeholders;
8. The Board of Directors monitors and manages the potential conflicts of interest between Directors and the management below Directors;
9. The Board of Directors ensures that the Company conducts information and communication disclosure in accordance with applicable laws and regulations and conveys information to the Board of Commissioners and Shareholders on time;
10. The Board of Directors holds meetings of the Board of Directors and attends the Board of Commissioners Meetings in accordance with the provisions of the law;
11. The Board of Directors provides quality and effective internal supervision;
12. The Board of Directors carries a quality and effective function as the Corporate Secretary;
13. The Board of Directors organizes the General Meeting of Shareholders according to the laws and regulations.

Meanwhile, the conditions of GCG implementation for the Aspect of Board of Directors that require attention as areas of improvement are:

1. The provision on immediacy degrees to communicate the Board of Directors' decision to the organizational level under the Board of Directors has not been made;
2. In particular, the Company does not have any regulation regarding the protection of the rights and interests of creditors as a form of the Company's commitment related to the implementation of the relationship with creditors;
3. In relation to the implementation of Occupational Health and Safety (OHS) in 2017, there have been two fatality incidents;
4. Problems regarding bad debts related to the implementation of *PKBL* program, affecting the rate of return of loan refunds;
5. Provisions on the Code of Conduct of the Board of Commissioners meetings in the Board Manual has not fully regulated the ethics of meetings and the implementation of the follow-up evaluations of the results of preceding meetings;
6. The number of auditors in the existing Internal Audit Division is not fully in line with the workload and current needs of the Company;
7. The Head of Internal Audit Division has not been certified for the audit profession;
8. The draft PKAT has not been submitted to the Board of Commissioners cq Audit Committee for consideration and suggestions;
9. With regards to information contained on the Company's website, the Corporate Secretary has not fully updated the information presented in the Company's website;
10. The minutes of the Board of Directors Meetings have not recorded the entire dynamics of the meetings, giving a clear picture of the proceedings of the meetings.

## COMMITTEES

In accordance with Regulation PER-12/MBU/2012 on 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 on 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, Remunerations, and Good Corporate Governance Committee.

In October 2016, the GCG function in the Nominations, Remunerations, and Good Corporate Governance Committees was removed. Furthermore, the GCG functions are incorporated in the Risk Management Monitoring and Business Development Committee.

### AUDIT COMMITTEE

Audit Committee of PT Perusahaan Gas Negara (Persero) Tbk was established under Bapepam Rule Number: IX.I.5 regarding the Establishment and Implementation Guidelines of the Audit Committee, which is an Appendix to the Decision of the Chairman of Bapepam Number: Kep-29/PM/2004 dated September 24, 2004 as amended and attached to the Decision of the Chairman of Bapepam LK No. 643/BL/2012 dated December 7, 2012, in conjunction with Bapepam Rule No. XK6 regarding Obligation to Submit Annual Reports for Issuers or Public Companies as an Appendix of Chairman of Bapepam Number Kep-134/BL/2006 dated December 7, 2006 and the Indonesian Exchange (Previously Jakarta Stock Exchange) Regulation Number IA on the General Provisions on Listing of Equity Securities in Exchange (Appendix II of Decision of Board of Directors of PT Bursa Efek Jakarta Number Kep-305/BEJ/07-2004 dated July 19, 2004).

The establishment of the Audit Committee also refers to Law Number 19 of 2003 dated June 19, 2003 on SOEs article 70, stating that the SOE Board of Commissioners and the Supervisory Board are required to establish an Audit Committee. Further provisions on the Audit Committee are contained in the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number: Per-12/MBU/2012 on the Supporting Organs of the Board of Commissioners/Board of Supervisors of State-Owned Enterprises as an amendment to the Decree of the Minister of State-Owned Enterprise Number Per-10/MBU/2012 on the Supporting Organs of the Board of Commissioners/Board of Supervisors of State-Owned Enterprises.

In the Decree of the Minister of SOEs Number: KEP-117/M-MBU/2002 on the Implementation of Good Corporate Governance Practices in SOEs there are also articles governing the Audit Committee, Regulation of the Minister of Finance of the Republic of Indonesia Number 88/PMK.06/2015 on the Implementation of Good Corporate Governance in Limited (Persero) Companies under the Development and Supervision of the Minister of Finance and Regulation of the Financial Services Authority Number: 55/POJK.04/2015 on the Establishment and Implementation Guidelines of the Audit Committee.

### Composition of Audit Committee

The members of the Audit Committee throughout 2017 are as follows:

January 1 - May 31, 2017	
Chairman	: Paiman Raharjo - Independent Commissioner
Member	: Tirta Hidayat - Commissioner
Member	: Luki Karunia
Member	: Yovita Lasti Handini
Member	: Kurnia Sari Dewi

June 1 - September 30, 2017	
Chairman	: Paiman Raharjo - Independent Commissioner
Member	: Yovita Lasti Handini
Member	: Luki Karunia

October 1 - December 31, 2017	
Chairman	: Paiman Raharjo - Independent Commissioner
Member	: Hendrika Nora O Sinaga - Commissioner
Member	: Luki Karunia
Member	: Yovita Lasti Handini
Member	: Kurnia Sari Dewi

### Audit Committee Training Programs

During 2017, members of the Audit Committee attended one training program:

Date	Location	Training
September 25-28, 2017	Bandung	PSAK Update Batch 2

### Profiles of The Committee Members

#### PAIMAN RAHARJO

Chairman of the Audit Committee since April 6, 2016 until present.

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. His daily work is as the Director of Post-Graduate Program at Universitas Prof. DR. Moestopo (Beragama). Joined PT PGN since April 6, 2015 as an Independent Commissioner, as well as the Chairman of the Audit Committee.

**TIRTA HIDAYAT**

Member of the Audit Committees since October 31, 2016 - May 4, 2017.

Indonesian citizen, born in Banda Aceh, March 9, 1959. His education history comprises of Bachelor of Economic Development Studies from the University of Indonesia, and Master and Doctorate degrees in Regional Economy from Cornell University. His latest working experience was as the Deputy for Economics of the Secretariat of the Vice-President until present. Joined the Company as a Commissioner based on the Annual GMS Resolution 2015 on April 6, 2015.

**LUKI KARUNIA**

Member of Audit Committee since October 1, 2016 - present.

Has worked as an auditor at KAP (Public Accountant Office) Soeharto & Rekan. She is working as a lecturer of Post-Graduate Program at the University of Prof. DR. Moestopo (Beragama) and Post-Graduate Program of PERBANAS Institute. She is also teaching Undergraduate Programs at colleges such as Bakrie University, Indonesia Banking School (IBS), and IPMI. She has an undergraduate degree from the Accounting Department Faculty of Economics Udayana University, followed by the accounting profession's (Ak) degree from the University of Indonesia (UI). She is a Master of Arts in Finance, University of Hiroshima, Japan and a Doctor of Bogor Agricultural University (IPB) in the field of Development Planning.

**YOVITA LASTI HANDINI**

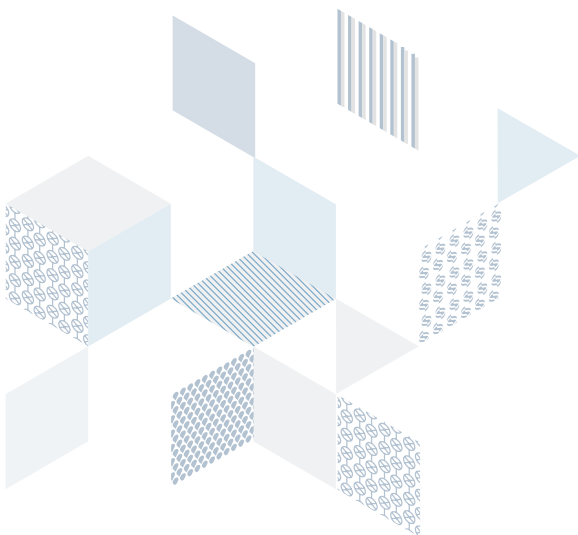
Member of Audit Committee since May 1, 2015 - present.

Member of the Audit Committee since May 1, 2015. She worked as a Consultant at CDR Consultant, Seattle, USA, and as a Project Engineer at Sherman Homes, Bellevue, USA. She is currently working as a Supervisor at Yayasan Bhakti Pembangunan Indonesia until present. She has a bachelor degree in Construction Management from Colorado State University and a master's degree in Construction Management from the University of Washington.

**KURNIA SARI DEWI**

Member of Audit Committee since June 1, 2015 - present.

She has worked as an auditor at KAP Hans Tuanakotta Mustofa (Deloitte Touche Tohmatsu) and KAP Tanubrata Sutanto Fahmi & Rekan (BDO Indonesia). She has also worked as the Dept. Head of Procedure Internal Control & Evaluation at PT MetLife Sejahtera. She was a Commissioner of PT Amarta Technical Repair up to 2009. She is now working as a lecturer at the Faculty of Economics, University of Prof. DR. Moestopo (Beragama). Her bachelor degree is from the Accounting Department Faculty of Economics, Brawijaya University, Malang. She has a master's degree in Business Administration from the University of Birmingham, UK and an MSi in Public Administration, University of Prof. DR. Moestopo (Beragama).



## HENDRIKA NORA O SINAGA

Member of Audit Committee since October 1, 2017 - present.

Indonesian citizen, born in Medan on June 7, 1970. Joined the Company as a Commissioner based on 2017 Annual GMS Decree dated May 4, 2017. Joined the Audit Committee since October 2017. She has a bachelor degree in Chemical Engineering from the Faculty of Industrial Technology at Bandung Institute of Technology and a Master of Management from the Graduate Program of the Faculty of Economics at the University of Indonesia. Her most recent work experience is as the Deputy Assistant of Energy, Logistics, Region, and Tourism I of the Ministry of SOEs until present.

### Independence of the Audit Committee

The Audit Committee is chaired by an Independent Commissioner, a member who is a member of the Board of Commissioners, and three professional members from outside the Company. This has been complied with the provisions in the Decision of the Chairman of the Capital Market Supervisory Agency Number Kep-29/PM/2004 on the Establishment and Implementation Guidance of the Audit Committee as amended and appended to the Decree of the Chairman of Bapepam LK No 643/BL/2012. The Audit Committee performs its duties and responsibilities professionally and independently.

### Tasks and Responsibilities of The Audit

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 No. 002/11/KOM-1/2004 dated March 30, 2004, which was amended by Resolution of the Board of Commissioners No. Kep-003/D-KOM/2009 dated December 15, 2009, which was last amended by Resolution of the Board of Commissioners. No. Kep-010/D-KOM/2013 dated November 14, 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 Division, 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 Division (IAD), such as:
  - Coordinating in the preparation of annual audit work plans and audit implementation;
  - Holding meetings with the IAD 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 IAD, 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

In 2017, 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 PGN (Persero) Tbk as of March 30, 2017, June 30, 2017, and September 30, 2017;
- Coordinate with KAP PWC on the Discussion of Progress Review of Financial Statements of Semester I 2017;
- Coordinate with the Internal Audit Division (IAD);
- Performing Work Visits to PGN Semarang, Pekanbaru, and Palembang Areas;
- Performing Work Visits to Subsidiaries PT PGasKom, PT Kalimantan Jawa Gas, and PT PGAS Solution;
- Writing Audit Committee Annual Report of 2016 Accounting Year;
- Conduct Coordination Meetings between the Board of Commissioners and the Committee;
- Coordinate with KAP PWC on Review of Annual Financial Report of Accounting Year 2016;
- Discussing of Report of Audit Result of Annual Financial Report of Accounting Year 2016;
- Discussing the Achievement Report of RKAP Year 2017;
- Conduct Training of the Statement of Financial Accounting Standards (PSAK);
- Analyzing the Draft of RKAP 2018;
- 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

Based on BAPEPAM-LK Regulation Number: IX.I.5 on the Formation and Guidance of the Audit Committee implementation referred to in the Audit Committee Charter, it is stated that the Audit Committee is obliged to conduct meetings at least once in one month.

During the period of 2017, the Audit Committee held 37 (Thirty-Seven) meetings, with the following attendance rates:

ATTENDANCE RATES OF AUDIT COMMITTEE MEMBERS	
Name	Percent Attendance *)
Paiman Raharjo	91%
Tirta Hidayat	80% (up to May 2017)
Hendrika Nora O. Sinaga	82% (starting from October 2017)
Yovita Lasti Handini	94%
Luki Karunia	100%
Kurnia Sari Dewi	100% (January - May 2017 and October - December 2017)

\*) The proportion corresponds to the number of meetings held in their respective terms of office.

## NOMINATIONS AND REMUNERATIONS COMMITTEE

In 2017, the Nominations and Remunerations Committee established under the Resolution of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk changed its composition and name with the following period:

1. The Nominations and Remunerations Committee was established based on the Resolution of the Board of Commissioners of PT Perusahaan Gas Negara Number: Kep-01/D-KOM/2015 dated January 29, 2015. The Resolution of the Board of Commissioners on the Remunerations Team is only valid until April 6, 2015 because it coincides with the change of the composition of the Board of Commissioners when it was held in 2015, then the Nominations and Remunerations Committee is in vacuum and Kep-01/D-KOM/2015 was replaced with a new Resolution on the committee name and composition of members;
2. The Nominations, Remunerations, and GCG Committee was established based on the Resolution of the Board of Commissioners of PT Perusahaan Gas Negara Number Kep-16/D-KOM/2015 dated November 5, 2015.

The Nominations, Remunerations, and GCG Committee was established to assist the Board of Commissioners in monitoring, continuously supervising, and providing recommendations on the implementation of governance and nomination and remuneration processes at the top management level in the Company;

3. Based on the Minutes of the Meeting of the Board of Commissioners dated September 20, 2016, effective from October 1, 2016, the Nominations, Remunerations, and GCG Committee was dissolved, and the GCG function was transferred and added to one of the activities of the Risk Management Monitoring and Business Development Committee;
4. The Nominations and Remunerations Committee is still run by the Board of Commissioners in accordance with the Resolution Letter of the Board of Commissioners Number Kep-12/D-KOM/2016 dated October 31, 2016.

## Nominations and Remunerations Committee Membership Composition

The Membership Composition of the Nomination and Remuneration Committee is as follows:

January 1, 2017 – May 4, 2017 Period

Chairman	: Kiswodarmawan - Independent Commissioner
Secretary	: Thohir Nur Ilhami - Secretary of the Board of Commissioners
Members	: 1. Tirta Hidayat 2. Mohamad Ikhsan 3. Paiman Raharjo 4. IGN Wiratmaja Puja

October 3, 2017 – December 31, 2017 Period

Chairman	: Fajar Harry Sampurno - Independent Commissioner
Secretary	: Thohir Nur Ilhami - Secretary of the Board of Commissioners
Member	: 1. Hendrika Nora O. Sinaga 2. Mohamad Ikhsan 3. Paiman Raharjo 4. IGN Wiratmaja Puja 5. Kiswodarmawan

## Training Program For Members of The Nomination and Remuneration

Throughout 2017, 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 since October 3, 2017 to date.

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.

The legal basis for the election concerned as the chair of the Nomination and Remuneration Committee is the Decision of the Board of Commissioners of PGN Number: Kep-06/D-KOM/2017 dated October 3, 2017. Last work experience was as the Deputy for Mining, Strategic and Media Industries, Ministry of SOE to date. Joined the company as President Commissioner based on 2016 GMS Decision on April 8, 2016.

### TIRTA HIDAYAT

Member of the Nomination, Remuneration and GCG Committee since November 5, 2015 to May 4, 2017.

Indonesian citizen, born in Banda Aceh, March 9, 1959. Bachelor of Economics of Development Studies from University of Indonesia, Master and Doctor of Economy Regional from Cornell University. His last working experience was as the Deputy for Economy of Seswapres to date. Join the Company as Commissioner based on the 2015 GMS Decision on April 6, 2015.

### HENDRIKA NORA O SINAGA

Member of Audit Committee since October 3, 2017 to date.

Indonesian citizen, born in Medan, June 7, 1970. Joined the company as Commissioner based on 2017 Annual General Meeting of Shareholders on May 4, 2017. Joined the Audit Committee since October 2017. Obtained a Bachelor degree in Chemical Engineering from the Faculty of Industrial Technology at Bandung Institute of Technology, and a Master of Management degree from the Graduate Program of the Faculty of Economics at the University of Indonesia.

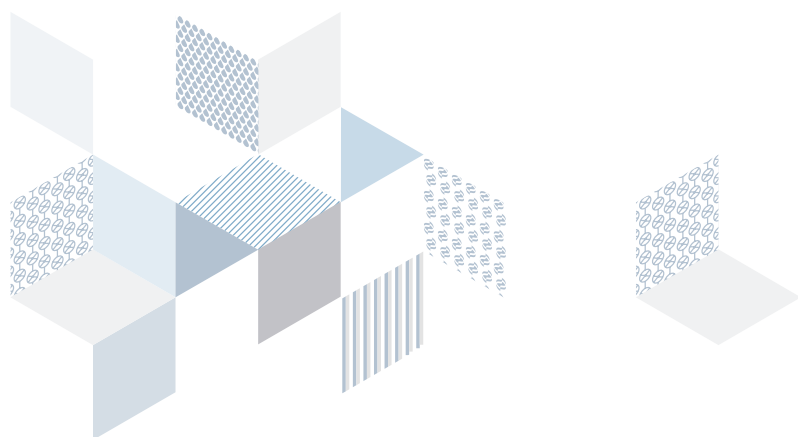
The legal basis for the election concerned as a member of the Nomination and Remuneration Committee is the Decision of the Board of Commissioners of PGN Number: Kep-06/D-KOM/2017 dated October 3, 2017. Recent work experience was as a Deputy Assistant of Energy, Logistic, Region and Tourism I Ministry of SOE to date.

### MOHAMAD IKHSAN

Member of the Nomination and Remuneration Committee since November 5, 2015 to date.

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.

The legal basis for the election concerned as a member of the Nomination and Remuneration Committee is the Decision of the Board of Commissioners of PGN Number: Kep-06/D-KOM/2017 dated October 3, 2017. The last working experience was as a Member of the Vice Presidential Team of the Republic of Indonesia to date. Joining the PGN Commissioner is the 2015 GMS Decree on April 6, 2015.





**PAIMAN RAHARJO**

Member of the Nomination and Remuneration Committee since November 5, 2015 to date.

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 Padjadjaran University Bandung.

The legal basis for the election concerned as a member of the Nomination and Remuneration Committee is the Decision of the Board of Commissioners of PGN Number: Kep-06/D-KOM/2017 dated October 3, 2017. Daily Activities are as the Director of Post-Graduate Program at Universitas Prof. DR. Moestopo (Religious). Joining PT PGN since April 6, 2015 as Independent Commissioner, as well as Chairman of the Audit Committee.

**IGN WIRATMAJA PUJA**

Member of the Nomination and Remuneration Committee since November 5, 2015 to date.

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.

The legal basis for the election concerned as a member of the Nomination and Remuneration Committee is the Decision of the Board of Commissioners of PGN Number: Kep-06/D-KOM/2017 dated October 3, 2017. The last work experience was as a Head of the Human Resources Development Agency of the Ministry of Energy and Mineral Resources to date. Join the Company as Commissioner based on the 2015 GMS Decision on April 6, 2015.

**KISWODARMAWAN**

Member of the Nomination and Remuneration Committee since April 8, 2016 to date.

Indonesian citizen, born in Surabaya, December 28, 1957. Obtained his Bachelor degree in Civil Engineering from Sepuluh Nopember Institute of Technology Surabaya.

The legal basis for the election concerned as a member of the Nomination and Remuneration Committee is the Decision of the Board of Commissioners of PGN Number: Kep-06/D-KOM/2017 dated October 3, 2017. The last working experience was as the President Director of Adhi Karya (Persero) Tbk until April 8, 2016. The legal basis for the first appointment as Commissioner of PGN is the 2016 GMS Decree dated April 8, 2016.

**Nomination and Remuneration Committee  
Independency**

The Nominations, Remunerations, and GCG Committee performs its duties and responsibilities professionally and independently without interference from any party not in accordance with the Laws and Regulations.

**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 PT Perusahaan Gas Negara (Persero) Tbk;
- Proposing remunerations of the Board of Directors and Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk, which include: Salary, Benefits, Bonuses;
- Ensuring that the application of compensations and remunerations for the Board of Directors and Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk has been in accordance with the applicable regulations;
- Conducting selections of candidates for the Board of Directors of PT Perusahaan Gas Negara (Persero) Tbk;
- Reviewing the Company's compliance with applicable laws and regulations;
- 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 GCG-NR Committee members and may form an ad-hoc team, with the criteria and period of assignment tailored to the needs and types of work.

### Nominations and Remunerations Duties

In accordance with the Decree of the Board of Commissioners Number Kep-01/D-KOM/2015 dated January 29, 2015, which has been revoked and replaced by Decree Number Kep-16/D-KOM/2015 dated November 5, 2015, the Nominations and Remunerations Committee has performed the following tasks:

- Proposing an Independent Consultant to conduct remuneration review for members of the Board of Directors and Board of Commissioners;
- Discussing the assessment results of the Independent Consultant from PT Mercer Indonesia regarding the remunerations for members of the Board of Directors and Board of Commissioners;

- Submitting 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;
- Conducting the selection of candidate members for the Board of Directors of PT PGN (Persero) Tbk.

### Nominations and Remunerations Meetings Frequency

Throughout 2017, the Nominations and Remunerations Committee met one time with the following attendance rates:

FREQUENCY OF NOMINATIONS AND REMUNERATIONS COMMITTEE MEETINGS	
Name	Percent Attendance *)
Tirta Hidayat	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 Nominations and Remunerations Committee refers to the Guidelines of the Financial Services Authority No.21/POJK.04/2015 on the Implementation of Open Corporate Governance Guidelines and SE OJK No. 32/SEOJK.04/2015 on Open Corporate Governance Guidelines.

### DIRECTOR SUCCESSION POLICY

In accordance with the Company's Articles of Association (Deed No. 23 dated April 6, 2015), 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 PER-03/MBU/02/2015 on the Requirements, Appointment Procedure, 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. An 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 PER-03/MBU/02/2015 above and have passed the Fit and Proper Test conducted by a professional body. 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.

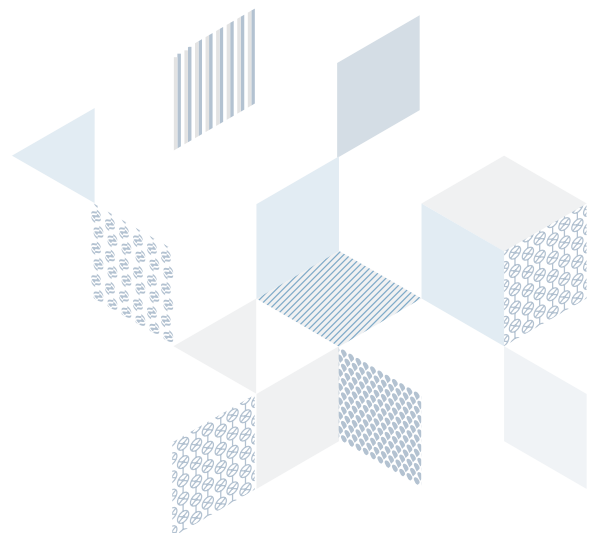
The GMS may dismiss members of the Board of Directors who no longer qualify as a member of the Board of Directors, such as if the person concerned undertakes actions that are detrimental to the Company or any other reasons deemed appropriate by the GMS. The dismissal decision shall be taken after the 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 COMMITTEE

The Risk Management Monitoring and Business Development Committee is established based on the Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance in State-Owned Enterprises and Number PER-12/MB/2012 on the Supporting Organs of the Board of Commissioners/Board of Supervisors of State-Owned Enterprises.

The establishment of the Risk Management Monitoring and Business Development 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 Monitoring and Business Development Committee

The members of the Risk Management Monitoring and Business Development Committee are as follows:

January 1 – April 30, 2017	
Chairman	: Mohamad Ikhsan - Commissioner
Member	: Kiswodarmawan - Independent Commissioner
Member	: Wahyu Wijayadi
Member	: Irwan Tascha
Member	: Strasfiatri Auliana

Mei 1 – December 31, 2017	
Chairman	: Mohamad Ikhsan - Commissioner
Member	: Kiswodarmawan - Independent Commissioner
Member	: Widhyawan Prawiraatmadja
Member	: Irwan Tascha
Member	: Strasfiatri Auliana

### Training Program For Risk Management Monitoring and Business Development Committee

Throughout 2017, members of the Risk Management Monitoring & Business Development Committee have attended seminars, including:

TRAINING OF MEMBERS OF THE RISK MANAGEMENT MONITORING & BUSINESS DEVELOPMENT COMMITTEE				
Name	Position	Date	Purposes	Description
1. Widhyawan Prawiraatmadja 2. Irwan Tascha 3. Strasfiatri Auliana	Committee Member	November 21 - 22, 2017	Singapore	Energy Risk Summit Asia 2017

### Members of Risk Management Monitoring and Business Development Committee Profiles

#### MOHAMAD IKHSAN

Chairman of the Risk Management Monitoring and Business Development Monitoring since April 15, 2015 until present.

Indonesian citizen, born in Sigli on November 7, 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.

Legal basis of his appointment as member Risk Management and Business Development Committee was Board of Commissioners Decree No Kep-06/D-KOM/2017 dated October 3, 2017. His latest working experience is as an Advisor to the Vice President of the Republic of Indonesia until present. Joined the Company as a Commissioner based on the Annual GMS Decision 2015 on April 6, 2015.

#### KISWODARMAWAN

Member of Risk Management Monitoring and Business Development Committee since November 1, 2016 until present.

Indonesian citizen, born in Surabaya on December 28, 1957. He is a Bachelor of Civil Engineering from Sepuluh Nopember Institute of Technology Surabaya.

Legal basis of his appointment as member Risk Management and Business Development Committee was Board of Commissioners Decree No Kep-06/D-KOM/2017 dated October 3, 2017. His latest work experience was as the President Director of Adhi Karya (Persero) Tbk. The legal basis for his initial appointment as Commissioner of PGN is the Decision to Join the Company as an Independent Commissioner based on the 2016 Annual GMS decision dated April 8, 2016.

**WAHYU WIJAYADI**

Member of the Risk Management and Business Development Monitoring Committee since June 14, 2012 until April 30, 2017.

Indonesian citizen, born in Tulungagung on April 27, 1957. Member of Risk Management Monitoring and Business Development Committee since June 14, 2012. Graduated with a Bachelor degree in Electrical Engineering from Bandung Institute of Technology in 1982 and earned an MBA from the Indonesian Institute of Management Development (IPMI) in 1989.

Legal basis of his appointment as member Risk Management and Business Development Committee was Board of Commissioners Decree No Kep-06/D-KOM/2017 dated October 3, 2017. Worked as the Director of PT Elang Mahkota Teknologi since 2009, as Corporate Service Director of PT Indosat in 2007, and as Marketing Director of PT Indosat in 2006.

**IRWAN TASCHA**

Member of Risk Management Monitoring and Business Development Committee since August 1, 2016 until present.

Indonesian citizen, born in Bukittinggi on July 14, 1957. Member of Risk Management Monitoring and Business Development Committee since 1 August 2016. Graduated with a Bachelor degree in Corporate Economics from Andalas University of Padang in 1983.

Legal basis of his appointment as member Risk Management and Business Development Committee was Board of Commissioners Decree No Kep-06/D-KOM/2017 dated October 3, 2017. Working as the Head of Risk Management Division at PGN since 2011. In the period of 2002-2010, he worked as Director of Finance and Administration, and President Director of PT Transportasi Gas Indonesia.

**STRASFIATRI AULIANA**

Member of Risk Management Monitoring and Business Development Committee since August 1, 2016 until present.

Indonesian citizen, born in Sydney, Australia, on November 28, 1961. Member of Risk Management Monitoring and Business Development Committee since August 1, 2016. Graduated with a Bachelor degree in Electrical Engineering from Bandung Institute of Technology in 1986.

Legal basis of his appointment as member Risk Management and Business Development Committee was Board of Commissioners Decree No Kep-06/D-KOM/2017 dated October 3, 2017. Working as Director of Corporate Services and Regional Indosat Employee Cooperatives since 2014, as Group Head Corporate Secretary of PT Indosat Tbk since 2006-2014 and Group Head Risk Management of PT Indosat Tbk since 2009-2012.

**WIDHYAWAN PRAWIRAATMADJA**

Member of Risk Management Monitoring and Business Development Committee since May 1, 2017 until present.

Indonesian citizen, born in Bandung on August 4, 1960. Member of Risk Management Monitoring and Business Development Committee since 1 May 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.

Legal basis of his appointment as member Risk Management and Business Development Committee was Board of Commissioners Decree No Kep-06/D-KOM/2017 dated October 3, 2017. Has worked as a Special Staff of Minister of Energy and Mineral Resources Year 2014 - 2016, Commissioner of PT Pertamina (Persero) Years 2015-2016, and Deputy Commercial Control SKK Migas Years 2013-2014.

### **Independency of Risk Management and Business Development Monitoring Committee**

The Risk Management Monitoring and Business Development Committee is chaired by a Commissioner with a membership consisting of 1 (one) Independent Commissioner and 3 (three) members who fulfill professionalism requirements and come from outside PT Perusahaan Gas Negara (Persero) Tbk. The Risk Management Monitoring and Business Development Committee performs its duties and responsibilities professionally and independently.

### **Tasks and Responsibilities of Risk Management and Business Development Monitoring Committee**

The Duties and Responsibilities of the Risk Management Monitoring and Business Development 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:

#### **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.

#### **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.

### **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 the Fiscal Year 2017, 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 2016 and Quarters I, II, and III Year 2017, KPI Presentation of the Risk Management and GCG Division, and Discussion of the Company's Good Corporate Governance (GCG);
- Meeting with WoodMackenzie Southeast Asia Gas & Power Service (SEAGAPS) with the discussion of Regional Gas Pricing Study: A Comparative Analysis;

- Discussing the Risks of Sustainability and Long-Term Corporate Growth of 5-10 years, and Discussion of the Company's Financial Insurance and Risks;
- Discussing the Risk Profile of 2016, and Analysis of Risk Management Effectiveness Associated with Achievement of Financial Performance 2016;
- Conducting Work Visit to PT PGN LNG Indonesia's FSRU Facility, Lampung;
- Conducting Work Visit to PGN Medan Area Office in order to monitor the Risk Management Socialization activity;
- Discussing the 2017 Regulation and Tax Risk Mitigation Including Subsidiaries (based on Risk Profile Report of First Quarter 2017's Top Extreme Risks);
- Discussing Commercial Risk Mitigation 2017 (based on Risk Profile Report of Quarter I 2017 Top Extreme Risks);
- Sharing Session of the Board of Commissioners and its Supporting Organs with Directors and Officials 1 level below the Board of Directors;
- Discussing the Achievement Plan of Target Sales of RKAP 2017;
- Conducting Work Visit to the PGN Property Location in Bandung;
- Discussing with PT Saka Energi Indonesia Related to Risks and Business Prospects;
- Attending the Conference of Energy Risk Summit Asia 2017 in Singapore;
- Discussing the draft Work Plan and Corporate Budget 2018;
- Conducting Work Visit to PGN Surabaya Area and PT Saka Energi Indonesia Ujung Pangkah area;
- Amending the Charter of the Risk Management Monitoring and Business Development Committee;
- Preparing the Committee End of Year Report of the 2017 Accounting Year;

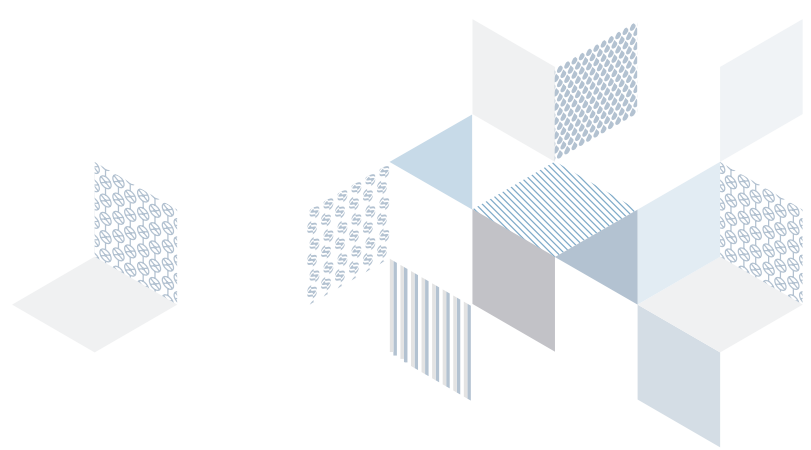
- Preparing the Work Program of the Committee of Year 2017;
- Conducting routine evaluation of the Progress of Risk Management Monitoring and Business Development Committee.

### Risk Management and Business Development Monitoring Committee Meeting Frequency

Throughout 2017, the Risk Management Monitoring and Business Development Committee held 17 (seventeen) meetings and 4 (four) work visits to the Company's operational area with the following attendance rates:

ATTENDANCE RATES OF COMMITTEE MEMBERS		
	Total Attendance	% Attendance
Mohamad Ikhsan	14 times	83%
Kiswodarmawan	14 times	83%
Wahyu Wijayadi	13 times	75%
Irwan Tascha	17 times	100%
Strasfiatri Auliana	17 times	100%
Widhyawan Prawiraatmadja	17 times	100%

\*) The proportion corresponds to the number of meetings held in their respective terms of office.



## BOARD OF COMMISSIONERS SECRETARY

### APPOINTMENT LEGAL BASIS 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 No. Kep-022/D-KOM/2015 regarding the appointment of Mr. Thohir Nur Ilhami As Secretary to the Board of Commissioners of PT National Gas Company (Persero) Tbk.

In accordance with the Decree of the Board of Commissioners Number Kep-022/D-KOM/2015 mentioned above, Thohir Nur Ilhami assumed the position of Secretary of the Board of Commissioners of PGN from January 1, 2016 until December 30, 2018.

Based on the Regulation of the Minister of State-Owned Enterprises No. 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, ability to communicate and coordinate well.

### TASKS 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 BOD's briefing sheet;
- Making minutes of meetings of the Board of Commissioners in accordance with the Company's articles of association;
- Administering documents of the Board of Commissioners, such as incoming mail, outgoing mail, minutes of meetings or other documents;
- Drafting the Work Plan and Budget of the Board of Commissioners;
- Prepare Board of Commissioners' Reports;
- Ensure the Board of Commissioners comply with applicable laws and regulations and apply GCG principles.

## CORPORATE SECRETARY

### APPOINTMENT LEGAL BASIS AND SERVICE PERIOD

The appointment of Corporate Secretary is performed in the framework of fulfilling 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 No. 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 No. 005900.K/OT.00/PDO/2017 dated April 13, 2017, the Corporate Secretary has these functions and responsibilities:

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);
  - b. Submission of Reports to the Financial Services Authority;
  - c. Implementation and documentation of the General Meeting of Shareholders;



- 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. Coordination of the Board of Commissioners and/or joint meetings of the Board of Commissioners inviting the Board of Directors, with the Secretary of the Board of Commissioners and/or the Staff of the Secretariat of the Board of Commissioners; and
  - 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 in the Capital Market, in particular the laws and regulations of the Capital Market.

The Corporate Secretary oversees:

- Legal Division;
- Corporate Support and Services Division;
- Investor Relations Division.

Based on the Minutes of Meeting of Board of Directors dated August 15, 2017 which have been reported to the Board of Commissioners through Letter Number 016801.S/OT.00.00/HCGS/2017 dated August 23, 2017 regarding Organizational Structure Changes of PT PGN (Persero) Tbk, the Corporate Support and Services Division was moved under the Logistic and Facility Management Division.

### APPOINTMENT AND TERMINATION 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 2017 TASKS IMPLEMENTATION

Several activities related to stakeholders that the Corporate Secretary has undertaken throughout 2017 include:

1. Conducting the Annual GMS;
2. Establishing communication with the Ministry of State-Owned Enterprises (SOE), Ministry of Energy and Mineral Resources (*ESDM*), State Secretariat, BPH Migas, Financial Services Authority (*OJK*), Self-Regulatory Organization (*IDX*), Indonesian Central Securities Depository (*KSEI*), Indonesian Capital Market Electronic Library (*ICaMEL*), Securities Administration Bureau (*BAE*), and other related institutions;
3. Coordinating Hearings (*RDP*) with the relevant House of Representatives (*DPR*) Commission and work visits 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 on the Company Website;
6. Ensuring the compilation and submission of the 2017 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 Corporate Support and Services Division and Investor Relation Division, always reports to the Financial Services Authority and Indonesia Stock Exchange as the capital market authorities.

## CORPORATE SECRETARY TRAINING PROGRAM

CORPORATE SECRETARY TRAINING PROGRAM				
No.	Date	Event	Location	Organizer
1	July 26, 2017	Audit – Friend of Foe,	Graha PGAS	HCM Division
2	October 12, 2017	LNG: The Future Reliable Supply,	Graha PGAS	HCM Division
3	November 14, 2017	Do You See What I See – The Art of Financial Controlling	Graha PGAS	HCM Division

## INTERNAL AUDIT DIVISION

The Internal Audit function at PT PGN (Persero) Tbk is under the Internal Audit Division lead by Group Head of Internal Audit, who is directly responsible to the President Director. Audit results are reported through an Audit Result Report (*LHA*) submitted simultaneously to the President Director and to the Board of Commissioners.

### PROFIL 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.

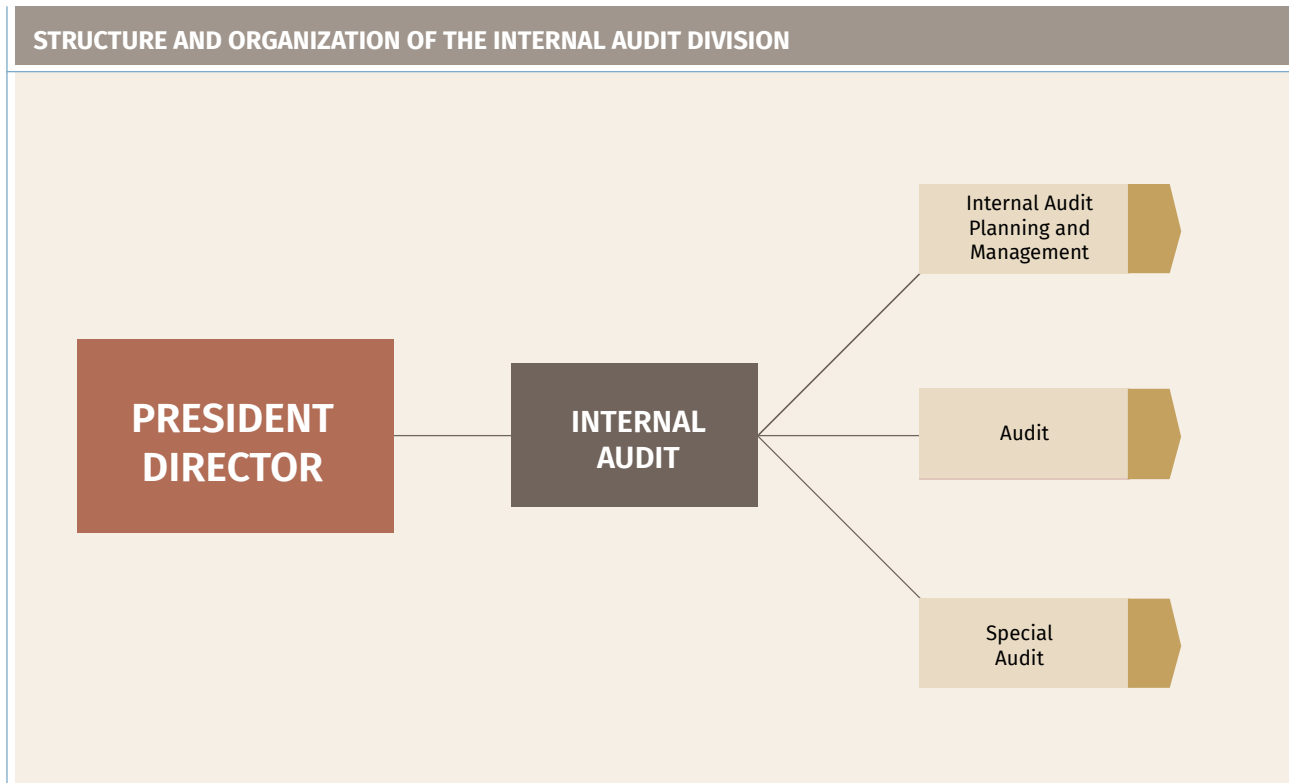
He is also active in the activities of Internal Audit Units Communication Forum (*FKSPI*) in the Ministry of Energy and Mineral Resources and *FKSPI Pusat*.

## APPOINTMENT AND DISMISSAL OF THE HEAD OF INTERNAL AUDIT GROUP

The Group Head of Internal Audit is appointed and dismissed by the President Director upon approval by the Board of Commissioners.

## THE POSITION OF INTERNAL AUDIT DIVISION WITHIN THE COMPANY'S STRUCTURE

Group Head of Internal Audit is positioned and directly responsible to the President Director.



### INTERNAL AUDIT DIVISION CHARTER

In performing its tasks and responsibilities, the Internal Audit Division refers to the Internal Audit Guidelines (Audit Charter) as stipulated by the Resolution of the Board of Directors Number: 023105.K/PW.00/UT/2009 dated December 11, 2009, which outlines the Vision, Mission, Intention and Purpose, Scopes, Organizational Structure, Authority, Tasks and Responsibilities of IAD, Requirements and Professionalism of an Auditor, Audit Implementation Governance, and the Code of Ethics of Internal Auditor.

Meanwhile, operationally, Audit is guided by the latest Internal Audit Operation Procedure as stipulated through Directors Instruction Number: 021200.I/HK.00.01/UT/2013 dated April 12, 2013.

### Authority of Internal Audit Division

In performing its duties, the Internal Audit Division has the following authorities:

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.

### Tasks of Internal Audit Division

1. Preparing and implementing the Annual Audit Work Program (*PKAT*);
2. Testing and evaluating the implementation of internal controls and risk management systems in accordance with company policy;
3. Conducting examinations and assessments of efficiency and effectiveness in finance, accounting, operations, human resources, marketing, information technology, and other activities;
4. Providing suggestions for improvements and objective information on the activities examined at all levels of management;
5. Producing audit reports and submitting those reports to the President Director and Commissioners;
6. Monitoring, analyzing, and reporting on the implementation of suggested improvements;
7. Collaborating with the Audit Committee;
8. Developing programs to evaluate the quality of its internal audit activities; and
9. Conducting special inspections if necessary.

### Responsibilities of Internal Audit Division

The Internal Audit Division's responsibilities include the following:

1. Being responsible for carrying out the audit process in accordance with applicable Audit and ethical standards, allocating Audit resources effectively and efficiently, developing auditor professionalism, and implementing a quality assurance program in carrying out the duties and management of the Internal Audit Division;
2. Being responsible for maintaining the confidentiality of data, documents, and information relating to the performance of Audit duties and reporting of audit results in accordance with the Company's information privacy policies established by the Board of Directors and the Code of Ethics of Auditors;
3. Obtaining approval from the President Director of the work program and the Audit development plan that has been prepared;
4. Reporting to the President Director regarding information related to the implementation of the ongoing Audit;
5. The Internal Audit Auditor Division is prohibited from performing any tasks, including as an executor of the Company's and Subsidiaries' operational activities.

### PERSONNEL NUMBER OF INTERNAL AUDIT DIVISION

The Internal Audit Group consists of 15 Personnel. In performing the Supervision function, the Internal Audit Group Head is assisted by 11 (eleven) Auditors and 3 (three) personnel in the Secretariat function.

### INTERNAL AUDIT GROUP HUMAN RESOURCES COMPETENCY DEVELOPMENT AND AUDIT PROFESSIONAL CERTIFICATION

In conducting Audit activities, the Internal Audit Group is supported by professional auditors who are equipped with professional certificates in the field of Audit, Fraud, and Risk Management either from international institutions or national institutions as follows:

- 1 (one) Auditor with CIA (Certified Internal Auditor) and CRMA (Certification in Risk Management Assurance) certifications issued by The Institute of Internal Auditors, CFE (Certified Fraud Examiner) from the Association of Certified Fraud Examiners, QIA (Qualified Internal Auditor) issued by the Internal Audit Education Foundation and CRMP (Certified Risk Management Professional) issued by LSPMR (Risk Management Profession Certification Institute);
- 1 (one) Auditor with a QIA certificate, as well as a CRMP certificate;
- 5 (five) Auditors with PIA (Professional Internal Auditor) certification issued by Center for Accounting and Finance Development (PPA & K);
- 3 (three) Auditors certified by QIA;
- Number of other auditors are sufficiently experienced and currently in a tiered certification education process.

In addition to professional certification, to improve competence and professionalism, the Internal Audit Division personnel are also actively participating in National and International Seminar forums, such as the National Seminar of Internal Auditors (SNIA) and the seminar of FKSPI (Internal Audit Unit Communication), and to always regularly send representatives from IAD to Workshops and Conferences organized by The Institute of Internal Auditors.

## IMPLEMENTATION OF AUDIT DIVISION INTERNAL ACTIVITIES DURING 2017

### Audit Implementation and Mentoring

The implementation of Audit in 2017 was conducted according to the Annual Audit Work Program (PKAT) 2017, which was approved by the President Director of PT. Perusahaan Gas Negara (Persero) Tbk. Number 006901.K/PW.00/UT/2017 dated April 17, 2017 with the following objects:

1. Audit of Gas Product Business Unit.
2. Audit of Infrastructure Business Unit.

In addition to conducting regular audits of two business units, the Internal Audit also conducted Shareholder audit to subsidiaries as follows:

- a. PGASSOL Shareholder Audit.
- b. GEI Shareholder Audit.

In addition to the formal audit programs listed in the annual work program, the Internal Audit Division was also active in providing consultation to other work units in need.

### External Auditor Mentoring

Aside from conducting audit, the Internal Audit Division was also active in performing mentoring on Audit by External Auditor such as Audit PSA 62 by KAP PWC also audit from BPK-RI. Aside from mentoring in external audit implementation, the Internal Audit Division also monitored its follow up.

Regularly, at the end of each year, the Internal Audit Division consolidates and evaluates the Audit results during the fiscal year and discusses the proposed Audit program for the coming year to maintain convergence in conducting Audit activities. For 2017, the gathering of all IAD personnel was held in Bandung on November 28 - 30, 2017.

## APPOINTMENT AND DISMISSAL OF GROUP HEAD INTERNAL AUDIT

Group Head Internal Audit Division is appointed and dismissed by the President Director upon approval by the Board of Commissioners.

## INTERNAL CONTROL SYSTEM

Internal control is a process imposed by the Board of Directors, members of management, and all other personnel in the company as a whole designed to provide reasonable assurance on the achievement of corporate objectives related to the effectiveness and efficiency of the company's operations and reliable financial reporting, as well as compliance with applicable procedures and regulations. The purpose of the internal control system is to guarantee the Company or organization from failure to achieve objectives, to produce reliable financial statements of the Company, and to ensure that the Company's activities are in compliance with prevailing laws and regulations. The internal control system may also provide information for the basis of the Company's performance assessment.

In line with the Regulation of the Minister of State-Owned Enterprises No. PER-01/2011 on the Implementation of Good Corporate Governance on State-Owned Enterprise Article 26, PGN continues to seek the development of an internal control system with reference to the COSO (Committee of Sponsoring Organizations of The Treadway Commissions) framework.

### COMPATIBILITY OF INTERNAL CONTROL SYSTEM WITH COSO

The Internal Control System component in PGN referring to COSO has 5 basic components:

1. An internal control environment within the Company conducted in discipline and a structured manner, upholding integrity and work ethics;
2. Review towards overall business risk management;
3. Control Activities described in the form of a Work Referral Document, which are Guidelines, Operating Procedures, and Work Instructions covering all fields in the Company, including engineering, operations, finance, and human resources;

4. Information and Communication System created to maintain transaction accountability, information quality, and communication effectiveness;
5. Monitoring conducted to assess the quality of control both on an ongoing and regular basis to maintain the Company's control system adaptability with current conditions.

### **EVALUATION TOWARDS EFFECTIVENESS OF INTERNAL CONTROL SYSTEM**

One way to measure evaluation and effectiveness, efficiency, and compliance in internal control system implementation is by internal audit by the Internal Audit Division. In addition, the effectiveness of the internal control system is tested through the annual PSA 62 Audit by a Public Accounting Office. Through the recommendations obtained from the internal audit and the PSA 62 Audit, the Company always follows up on the recommendations so that the Company's management can always improve its internal control system, which enables the management to more effectively carry out the Company's operational activities.

## **RISK MANAGEMENT**

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. In 2009, PGN assessed the need for Enterprise-wide Enterprise-wide Risk Management to provide confidence in achieving PGN's overall objectives. Therefore, an Enterprise-wide Risk Management (ERM) framework in PGN Risk Management Guidelines is adopted based on the Board of Directors Decree No. 024000.K/SM.02/UT/2009.

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 as stated in Article 25 on 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 done, 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.

### **VISION AND MISSIONS OF THE CORPORATE RISK MANAGEMENT**

Based on the Board of Directors' Resolution on PGN Risk Management Guidelines, the Vision and Missions of risk management are:

- Risk Management Vision: To be a company that implements risk management in a sustainable manner so that every management process can be implemented effectively, efficiently and accountably;
- Risk Management Missions:
  - To contribute optimally to the achievement of the Company's objectives;
  - To protect the Company from unpredictable and unexpected events;
  - To provide reasonable assurance that the Company's risks are well-anticipated and accounted for.

## RISK MANAGEMENT TASKS

The tasks of Risk Management & GCG Division are related to the Company's Risk Management function as stated in the Board of Directors Resolution No. 017600.K/OT.00/PD0/2016 on Working Procedures of President Director's Office, which are:

- Implementing the preparation of risk management framework;
- Carrying out risk management by coordinating risk assessment and risk treatment across all Work Units, Business Units, Subsidiaries, and Affiliates, including coordinating and formulating key risks of the Company.

## CORPORATE RISK MANAGEMENT

The management of PGN Risk Management as set forth in the Risk Management Guidelines refers to the international risk management framework, which is the COSO ERM (The Committee of Sponsoring Organizations of the Treadway Commission - Enterprise-wide Risk Management), which consists of eight components, including:

1. Internal Environment;
2. Goal-Setting;
3. Event Identification;
4. Risk Assessment;
5. Risk Response;
6. Control Activities;
7. Information and Communication, and
8. Monitoring.

## THE DEVELOPMENT OF RISK MANAGEMENT

The development of Risk Management System started from the implementation of Risk Management Information System (SIMR) in 2012, in which the Corporate Risk Management implementation supporting system, initially executed manually, was turned into real-time implementation. The Work Unit may renew the Risk Level and Mitigation Measures whenever required. In addition, since 2016, the implementation of the risk management process has become one of the Key Performance Indicators

(KPIs), namely Compliance KPI, in which Each Work Unit, Business Unit, Subsidiaries, and Affiliates are required to carry out the risk management process. If not implemented, there will be deduction of the performance achievement on the current year's *RKAP*. The progress made by the Risk Management Work Unit is in line with the Roadmap on Risk Management Implementation in the Company.

## RISK MANAGEMENT POLICY

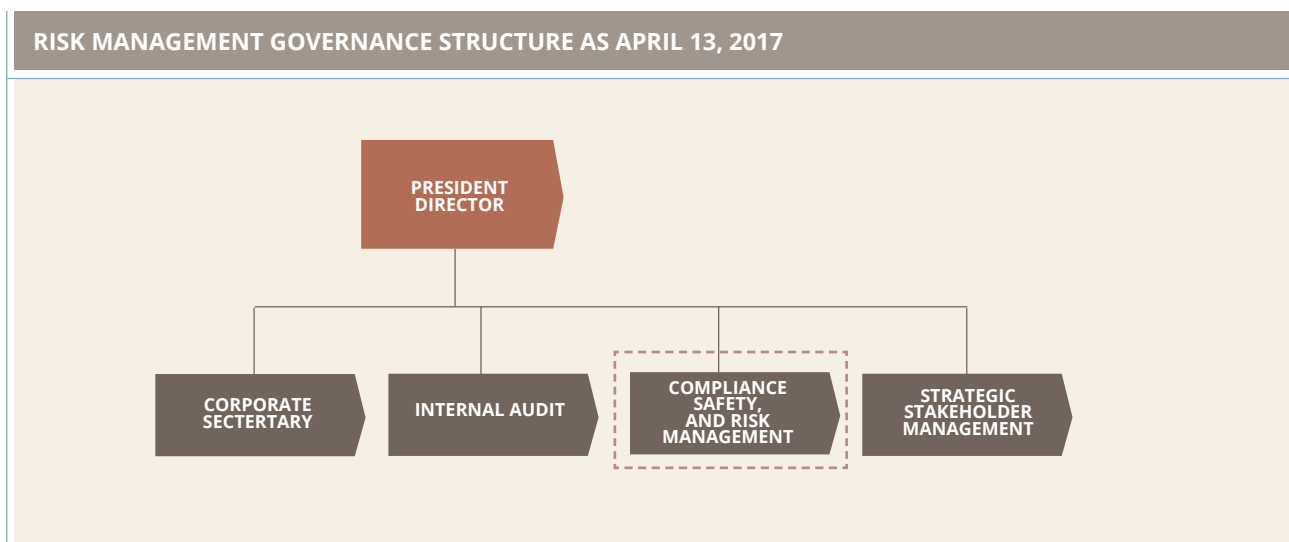
The obligation to implement Risk Management in PGN as stipulated in the Regulation of the Minister of State-Owned Enterprises Number: PER-01/MBU/2011 on Good Corporate Governance Implementation at State-Owned Enterprises, which was amended to become Regulation of the State Minister of State-owned Enterprises Number: PER-09/MBU/2012, cascaded to the Company's Internal Policy, namely the 2009 PGN Risk Management Guidelines and PGN Risk Management Operation Procedure no. O-001/0.46, valid from 2010. In the guidelines, the PGN Board of Directors states that:

1. In order to face a rapidly changing business environment, the management considers it to be necessary to establish a policy on Risk Management as set forth in the Risk Management Guidelines. The implementation of effective risk management will ensure continuity, growth, and success of the company;
2. Any decision at all levels of the PGN environment must understand and manage risks effectively so as to provide greater assurance to stakeholders and obtain better information about business risks to support decision-making and increase value for the company;
3. All levels of management within PGN have an obligation to adopt and implement structured risk management (clear systems and standards, as well as organs) and consistent with the strategies, processes, human resources, technology, and knowledge for the purpose of evaluating and managing the uncertainties;

4. Every activity and decision-making, especially those assessed as significant, must have its risks assessed and managed within a COSO-based framework and the risk owner is responsible for formulating the risk management strategies. Therefore, the result of the risk assessment must be documented and becomes an integral part of the decision-making process and has clarity on the level of its authority;
5. As a part of the implementation of Good Corporate Governance (GCG), risk management shall be implemented in all critical business systems and processes so as to identify and manage risks comprehensively and consistently prior to the occurrence of events that may affect the achievement of objectives;
6. Every level of management within PGN is obliged to conduct sustainable improvement of risk management implementation through monitoring by regular reports and proposed system improvements where appropriate;
7. The implementation guidelines for this management policy will be further set forth in the Risk Management Operations Procedure to be implemented consistently and responsibly;
8. Risk management should be conducted on the principles of effectiveness and efficiency;
9. The decision-making process should take into account all aspects of the risks contained within the Company's risk framework (PGN Risk Frameworks);
10. Decision-making related to the allocation of resources shall be made with due regard to the results of risk assessment;
11. The corporate risk management is an integral part of the overall management process of the Company.

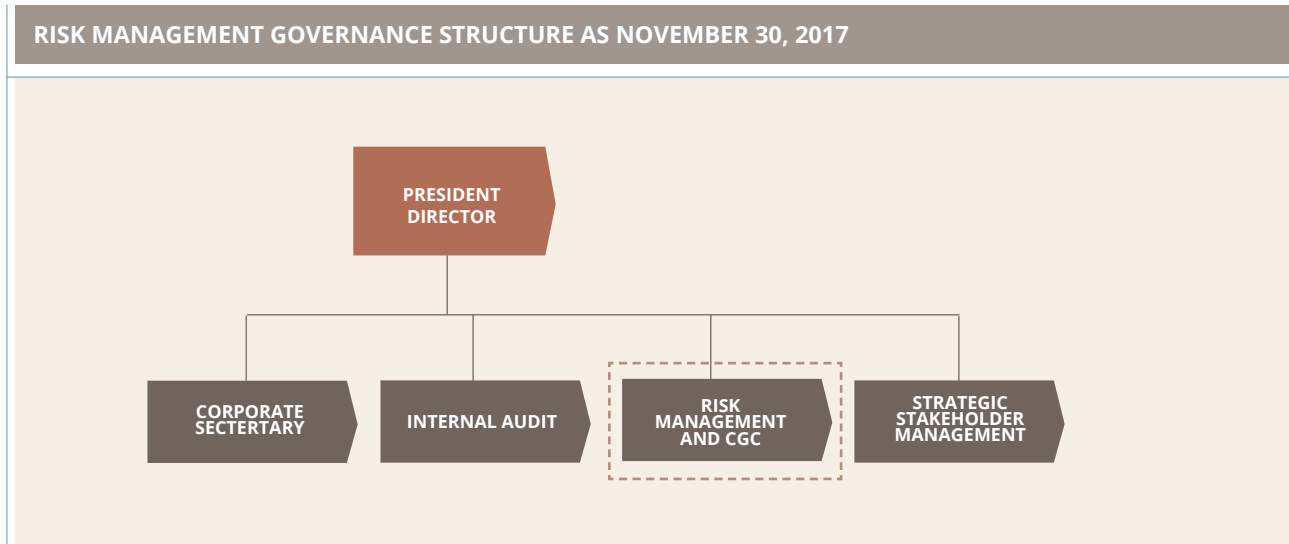
## RISK MANAGEMENT GOVERNANCE STRUCTURE

In the structure of Risk Management Governance 2017, two transformations were undertaken. The first transformation is in accordance with the Resolution of the Board of Directors number 005300.K/OT.00/PDO/2017 on Organizational Structure of the President Director's Office dated April 13, 2017 called Compliance, Safety, and Risk Management Division as illustrated in the figure below:





The second transformation is in accordance with the Resolution Number 015702.K/OT.00/PDO/2017 on Organizational Structure of the Main Directorate dated November 30, 2017, which is then called the Risk Management & GCG Division, by separating the Safety function in it as illustrated in the chart below:



Based on the Regulation of the Minister of State-Owned Enterprises Number: PER-01/MBU/2011 on the Implementation of (Good Corporate Governance) in State-Owned Enterprises and Number: PER-12/MBU/2012 on Supporting Organs of the Board of Commissioners/Board of Supervisors, the Risk Management Monitoring and Business Development Committee (*KPMRPU*) was founded, which is intended to assist the Board of Commissioners in conducting regular monitoring and provide recommendations on policies and implementation of Risk Management, as well as its business plan and development. The Risk Management & GCG Division reports the Company Risk Profile Quarterly to Commissioners through *KPMRPU* and the Board of Directors (BoD).

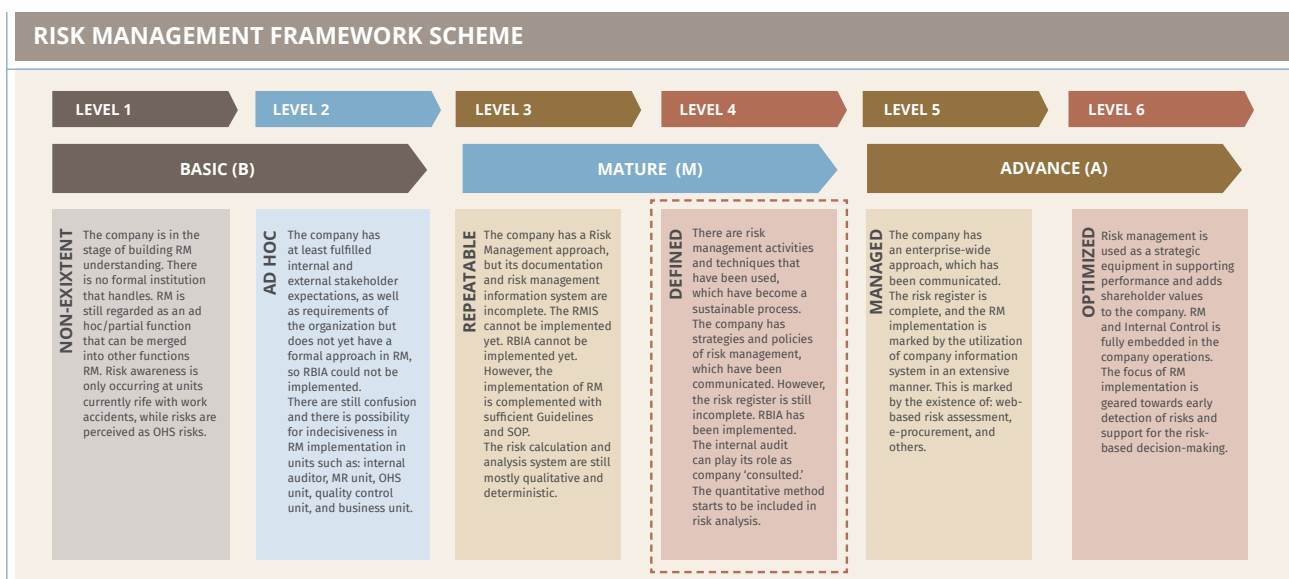


The subsidiary entity, PGASSOL, produced high quality CNG Cradle to support business development in providing commercial sectors that are missed from PGN's gas pipes. The business was maintained GEI, as a form of One PGN synergy.

**RISK MANAGEMENT FRAMEWORK SCHEME**

In 2017, PGN did not conduct a risk management maturity evaluation, so assessments are based on the results of the 2016 evaluation. PGN conducts an evaluation of the maturity of risk management implementation to identify and ensure the implementation of risk management on the paths and plans that have been prepared and to obtain inputs in improving the maturity of the implementation of risk management in PGN. The implementation of the evaluation is assisted by an independent consultant with reference to the eight components of COSO ERM and the Risk Management Evaluation Guide made by the Finance and Development Supervisory Agency (BPKP) for the sub-components and maturity stages.

The methodology of measurement of the maturity level of risk management application used includes surveys, interviews, and Focus Group Discussions (FGD). These three methods were conducted on samples with different job stratifications. There would be also a document review to ensure the risk management implementation journey, and limited review on discrepancy between the plans and the executions.



Based on the assessment, the maturity level of PGN risk management implementation in 2016 is Mature - Defined (Level 4). At this level in PGN, there have been risk management activities and techniques used, which have become a continuous process. PGN has a strategy and risk control policy, and they have been communicated; but the risk register is incomplete. The Internal Audit Based on Risk (AIBR) at this stage has begun to take place, internal audit can perform its function as a 'consultant' of the Company. Quantitative methods are initiated in risk analysis.

While the measurement results for PGN subsidiaries are one level below PGN, namely Mature - Repeatable (Level 3), in this level Subsidiaries have a Risk Management approach, but the documentation and risk management information system are incomplete.

The Risk Management Information System (SIMR) cannot be run yet. AIBR is not yet applicable. Nevertheless, the implementation of MR is equipped with adequate Operating Guidelines and Procedures. The system of calculation and risk analysis is still more qualitative and deterministic.

**CORPORATE TOP RISK**

The Company recognizes that with the development of business and external conditions, the risks facing the company are increasingly diverse and new risks are emerging that have not been identified previously. All Process Owners are always requested to pay attention to conditions outside the company to anticipate new risks.

Throughout 2017, PGN has carried out risk identification throughout the Work Units, Business Units, Subsidiaries, and Affiliates. At the end of 2017, 2,711 (two thousand seven hundred and eleven) risks were identified, which consist of 1,639 (one thousand six hundred and thirty nine) active risks. All risks are consolidated in the Corporate Risk Profile, which presents key risks that should be of concern to the Management. The following is a list of key risks based on the respective Risk Source Category:

### 1. Regulation and Government

The risks in this risk source category are those that require good cooperation with external parties to reduce the likelihood of occurrence. The risks include one coming from the Subsidiary of Niaga Gas, namely the potential of gas fuel prices to be uneconomical for Jabodetabek area due to the Ministerial Decree which regulates price. There is also a potential risk of Branch Profit Tax on Block Pangkah. In addition, regarding business licensing, there are some risks of impediments of the land acquisition due to disputes; Potential imposition of BPHTB on land and buildings in Musi Banyuasin Regency (Muba); Potential impediments of land use permits and lease agreements with third parties which spawns the risk that the completion time target will not be achieved; The potential of impediment for the issuance of Principle Licenses as they relate to regulatory provisions, competition with similar business and business development strategies that are not in line with the provisions stipulated by the Regulator (Provincial or Regency/ Municipal Governments) causing potential delays in project implementation.

### 2. Third Party/Other Institutions

The risks in this risk source category require cooperation with Third Parties/Other Agencies. The list of risks includes potential delays in the operation of pipelines and distribution of Duri-Dumai gas networks; Potential of non-active or disuse gas pipeline due to construction work of a double-track railroad; Risks from Subsidiaries, namely the potential for disconnection of submarine FO cables due to external factors, natural disasters, or third parties.

### 3. Competition

The risks faced by the Company include: the potential for declining revenues due to other energy alternatives; Potential customers switching to competitors because the offered price is cheaper and more flexible contracts.

### 4. Customer

The risks encountered include: the potential for unaccounted customer receivables; the potential for low gas absorption due to the Company's economic condition; the potential for optimal gas consumption due to Force Majeure of customers, mass holiday and routine maintenance; potential decline in the use of customer gas volumes due to the merger of several large customer contracts.

### 5. Supply/Supplier

The risks faced include the decline in freight volumes due to a permanent decline in gas production in the Kepodang fields; the potential of no additional gas supply of PEP Cirebon (Bongas) and Sunyaragi after 2018; The potential of defaulting on/not being able to pay the shareholder loan from PGN due to force majeure conditions.

### 6. Internal

The risks faced include potential discontinuation of projects due to the low maturity of market data; The potential for improper management of gas networks due to the lack of manpower; potential occurrences of work accidents due to a lack of supervision; potential impairment of assets because the carrying value of assets is greater than the recoverable value.

### 7. Nature/Environment

The risk faced is the availability of oil/gas reserves in the upstream block that is less than five years.

## COMPANY'S RISKS AND ITS MANAGEMENT

In the management of the Company's Risk, to safeguard or lower its Level of Risk to an acceptable level by the Company, a Mitigation Action Program is required for Any Risk at the Extreme, High, Medium, or Low Levels by the Risk Owners. The list of Mitigation Actions for Key Risks is as follows:

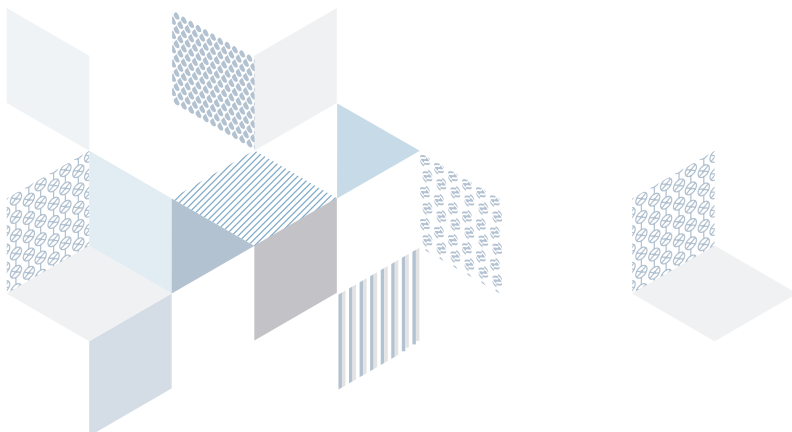
### 1. Regulation and Government Risk Source Category

The risk of the Niaga Gas Subsidiary, which is the potential of gas fuel prices to be uneconomical for Jabodetabek area due to the Ministerial Regulation which regulates prices, has a mitigation action in the form of proposal to the Government to adjust the Regulation to fit the real conditions in the market. In the upstream sector, there is potential Risk of CPM (Branch Profit Tax) on the Pangkah Block, and the mitigation action to be carried out is to fulfill the hearing process of the Tax Court. In addition to business licensing, there is a risk of impediment of part of the land acquisition due to disputes, while the Company executes mitigation measures in the form of consignment with the local Government and coordinating with the ATR/BPN Office to formulate the required land certificates as the basis for certification implementation; On the potential for the imposition of BPHTB on land and buildings in the District Musi Banyuasin (Muba), the executed mitigation action is in the form of coordination to the local Regent; In the potential impediment of land use permit and lease agreement with third party so that target of time

of completion of construction is potentially not reached, the mitigation action taken is coordination with the Company's external and internal parties; On the potential for impediment of the issuance of Principle Licenses as they relate to regulatory provisions, similar business competition, and business development strategies that are not in line with the provisions stipulated by the Regulator (Provincial or Regency/Municipal Government) causing potential delays in project implementation, the mitigation action undertaken is to conduct consultation and coordination with the Regional Governments.

### 2. Third Party/Other Institutions

In terms of potential delays in the operation of pipelines and the distribution of Duri-Dumai gas network. the mitigation action taken is coordinating with related parties; In terms of the potential for non-active or unused gas pipelines due to the construction of double track railroad, the mitigation actions taken include establishing good communication with PT KAI and proposing to construct a replacement pipe for existing track on the national road side; On the Risks of Subsidiaries, that is potential disconnection of submarine FO cable due to external factors, natural disasters or third parties, the mitigation action carried out is to carry out routine network patrols, coordinate with related parties regularly and hire backup networks from other operators.



### 3. Competition

The risks faced by the Company include: the potential for declining revenues because other energy alternatives with the mitigation action in the form of implementing specific policies to customers, in coordination with the Division regarding the policy of applying customer pricing; In terms of the potential for customers to switch to competitors due to cheaper offered price and more flexible contracts, the mitigation actions are the application of incentive prices to customers, increasing market intelligence, the application of special prices, free-surcharge extensions, etc.

### 4. Customer

The risks faced include: the potential of unsolved accounts receivable of customers with the mitigation action to conduct negotiations and coordination on a regular basis to customers; the potential of the low absorption of gas because the economic conditions with the mitigation action in the form of the Company performing coordination with the Government to determine the pricing scheme; the potential of suboptimal gas consumption due to Force Majeure conditions in customers, mass holiday, and routine maintenance with the mitigation actions in the form requesting information off mass holidays at least 7 days before the D-day, requesting customer information in force majeure situations max. 2x24 hours after the case, requesting information of routine maintenance plans max. two months earlier, and informing the customer to take advantage of surcharge-free ; the potential decrease in the use of the volume of gas customers because of contract mergers some large customers with mitigation action in the form of conducting intensive coordination to ensure no decline in the combined contract, coordinating with the appropriate Division for the continuation of the merger plan of large customer contracts.

### 5. Supply/Supplier

The risks faced include the decrease of transportation volume due to the steady decline in gas production in Kepodang field, with the mitigation measure implemented of optimizing cash flow management, collecting Ship or Pay in 2016; the potential of not obtaining gas supply from PEP Cirebon (Bongas) and Sunyaragi after 2018, which are mitigated in the form of discussions and consultations with the Government regarding the extension of PJBG, conducting discussions and coordination with gas suppliers, and coordinating with relevant Working Units.

### 6. Internal

The risks faced include Potential discontinuation of projects due to the low maturity of market data, with the mitigation measures undertaken including seeking commercial binding with prospective customers prior to project implementation; the potential for improper management of gas network due to a lack of manpower with the mitigation actions in the form of coordination with the Working Units on the structure, main duties and functions, and fulfillment of labor; the potential occurrence of work accidents due to a lack of supervision with the mitigation action implemented of establishing Safety Agents, conducting training and refreshment to improve HSSE awareness, preparing PSAP (Personnel Safety Action Plan), etc.

### 7. Nature/Environment

The risk faced is the availability of oil/gas reserves in the upstream block of less than 5 years with the mitigation action to conduct acquisitions of other blocks.

## IMPLEMENTATION OF RISK MANAGEMENT PROGRAM

The work programs of Risk Management Function in THE Risk Management & GCG Division in 2017 include:

1. Assessment and risk monitoring assistance for Work Units and Subsidiaries;
2. Preparation of risk aggregation report;
3. Focus Group Discussion (FGD) on elaborating Top Risks;
4. Focus Group Discussion (FGD) on special risks;
5. Socialization of Risk Management;
6. Assistance in the use of Risk Management Information System (SIMR);
7. Minor SIMR maintenance.

## MAJOR LEGAL CASES FACED BY PGN

As of December 31, 2017, there have two cases or lawsuits of material value to PGN. The cases are follow-up cases before it is decided and/or has a permanent legal force in the preceding year. The cases are as follows:

PGN	
Problem of Alleged Unfair Business Competition	
Case No	02/Pdt.Sus.KPPU/2017/PN.Jkt.Brt
Organization	West Jakarta State Court
Parties	Appellant: PGN Appellee: KPPU
Case Value	Rp9,923,848,407
Case Principal	This case is an appeal by PGN against KPPU who established decree no. 09/KPPU-L/2016, dated on November 14, 2017 which stated that PGN has conduct monopoly practice and therefore breaching the provision stated in Article 17 of Law No. 5 Year 1999 regarding the Prohibition of Monopoly Practice and Unfair Competition.
Case Settlement Status	Up until December 31, 2017, this case is still in examination by the West Jakarta State Court
Impact on Company	There is no impact PGN



The dynamic changes of regulation was still taking place during 2017, PGN kept adapting to stay relevant to the changing of national natural gas governance as well as to Indonesian economic movement aspects.

**PT Transportasi Gas Indonesia (TGI)****NOTICE OF ARBITRATION TARIF TRANSPORTASI GAS**

Case No	-
Organization	London Arbitration Court
Parties	ConocoPhillips (Grissik) Ltd (Plaintiff I) Petrochina International Jabung Ltd. (Plaintiff II) versus PT Transportasi Gas Indonesia (Defendant)
Case Value	USD165,700,000
Case Principal	Plaintiffs filed a lawsuit against TGI through London Arbitration related to gas transportation tariffs to Singapore and the implementation of the Access Arrangement for Grissik-Singapore Pipeline segment with a total value of approximately USD108 million demanded for ambiguity arising out of and in connection with the Gas Transportation Agreement.
Case Settlement Status	<p>On May 19, 2014, TGI received a "Notice of Arbitration" of ConocoPhillips (Grissik) Ltd. and PetroChina International Jabung Ltd. (Plaintiff) in which the plaintiff claimed related to gas transportation tariffs to Singapore and the implementation of the Access Arrangement for Grissik-Singapore Pipeline segment with a total value of approximately USD108 million of demands for ambiguity arising out of and in connection with the Gas Transportation Agreement.</p> <p>On December 8, 2014, the Plaintiff has included a "Statement of Claim" with the claim of USD165.7 million. Furthermore, in the "Claimant's Reply Memorial" the value of the lawsuit has been changed into a maximum of USD131.4 million.</p> <p>TGI have included a "Statement of Defense" on April 23, 2015. On July 10, 2015, the Plaintiffs have included a "Claimant's Reply Memorial" and Transgasindo plans to enter the "Statement of Rejoinder" on September 11, 2015 and Hearing has been carried out on October 19 and 23, 2015.</p> <p>Based on Final Award dated 8 February 2016, TGI is required to pay a sum of:</p> <ul style="list-style-type: none"> <li>• USD33,300,000 as losses on the rate increase between 11 August 2010 to September 30, 2015 plus compound interest at 3.25% per annum from the date the bill is paid up to the date of the arbitration decision. If after this decision TGI indirectly pay, you will be charged the compound interest of 8% per annum until payment is made.</li> <li>• USD41,000,000 as future losses associated with tariff increases paid since October 1, 2015 through the end of the contract. If after this decision TGI indirectly pay, you will be charged the compound interest of 8% per year until the payment is made.</li> <li>• USD2,666,406.96 as plaintiff arbitration costs.</li> </ul> <p>On March 29, 2017 and June 21, 2017, TGI has paid all claims, including penalties incurred, amounting to USD41,365,112 and USD45,570,793, respectively. The payment has been recognized by TGI as an expense in the statements of income amounting to USD5,187,139 in the period ending on 30 June 2017 and USD10,405,171 in the period ending December 31, 2016. The balance of payments after deducting expenses in the income statement is recognized as miscellaneous asset as it relates to a fine for the difference in the rate of gas transportation services after June 30, 2017 up to the end of the contract period.</p>
Impact on Company	No Impact on the Company

**PT KALIMANTAN JAWA GAS (KJG)****The declaration of force majeure in the Kepodang - Tambak Lorok Gas Transportation Agreement by PC Muriah Ltd.**

Case Principal	On June 8, 2017, KJG received a letter from PC Muriah Ltd which provided notification of a force majeure due to permanent decline of gas reserves in Kepodang Field. The KJG has responded to the letter by a letter dated June 13, 2017. KJG rejected the force majeure because based on the provisions of the Gas Transportation Agreement, the said force majeure must be determined by an independent consultant and subsequently reviewed and approved by SKK Migas. As of the issuance date of this financial statement, there has been no response from PC Muriah Ltd. related to the rejection of the force majeure.
Case Settlement Status	As of the issuance date of this financial statement, there has been no response from PC Muriah Ltd. related to the rejection of the force majeure.
Impact on Company	No Impact on the Company

## INFORMATION ON ADMINISTRATIVE SANCTIONS

Throughout 2017, there has been no administrative sanctions imposed by the Capital Market Authority or any other authority to PGN and the members of the Board of Commissioners and the Board of Directors

COMPANY COMPLIANCE TOWARDS CAPITAL MARKET RULES			
No.	Regulation	Summary of the Regulation	Implementation
1	FSA Regulation No. 32/POJK.04/2014 on the Plan and Implementation of the General Meeting of Shareholders of Public Companies as amended by FSA Regulation No. 10/POJK.04/2007 regarding Change to FSA Regulation No. 32/POJK.04/2014 on the Plan and Implementation of the General Meeting of Shareholders of Public Companies.	Regulate the mechanism, timeframe, the rights of Shareholders in implementing GMS.	The Company has conducted GMS on May 4, 2017 in accordance with the procedures set forth in FSA Regulation No. 32/ POJK.04/2014 jo FSA Regulation. No 10/POJK.04/2017
2	FSA Regulation No. 33/POJK.04/2014 regarding the Board of Directors and Board of Commissioners of Issuers or Public Companies.	Regulate the equirement of Board of Directors and the Board of Commissioner's.	The appointed Board of Directors and Board of Commissioners have meet the requirements, have the duties and responsibilities, and implement the meeting mechanism according to FSA Regulation No. 33/POJK.04/2014.
3	FSA Regulation No. 34/POJK.04/2014 on the Nominations and Remunerations Committee of Issuers or Public Companies.	Arranging, among other things, membership, meetings, as well as guidelines for nominations and remunerations committee.	The Company has a Nominations and Remunerations Committee with membership, tasks, and responsibilities, as well as meeting organization mechanism based on FSA Regulation No. 34/POJK.04/2014.
4	FSA Regulation No. 35/POJK.04/2014 on Corporate Secretary of Issuers or Public Companies.	Regulating, among others, the duties and responsibilities and requirements of the corporate secretary.	The Company has Corporate Secretary to meet the requirements, with the duties and responsibilities as stipulated in FSA Regulation No. 35/POJK.04/2014.
5	FSA Regulation No. 31/POJK.04/2015 on Disclosure of Information or Material Facts by Issuers or Public Companies.	Regulates the disclosure of information in the event of a material fact, i.e. material from events that may affect the price of securities or the decision of investors or prospective investors.	Throughout 2016, PGN has conducted 12 times of information disclosures through appropriate mechanisms in accordance with POJK No. 31/POJK.04/2015.



## COMPANY COMPLIANCE TOWARDS CAPITAL MARKET RULES

No.	Regulation	Summary of the Regulation	Implementation
6	FSA Regulation No. 55/POJK.04/2015 on the Establishment and Implementation Guidance of the Audit Committee.	Regulating, among others, the establishment, membership, and duties and responsibilities of the Audit Committee.	The Company has an Audit Committee with members who meet the requirements, with duties and responsibilities in accordance with FSA Regulation No 55/POJK.04/2015. Committee has an Audit Committee Charter which was ratified on January 7, 2016.
7	Fsa Regulation No. 8/POJK.04/2015 on Issuer or Public Company's Website.	Regulating the information contained in the website of the issuer	PGN already have a website in English and Bahasa Indonesia, with content that are in accordance to FSA Regulation No. 8/POJK.04/2015
8	FSA Notice No. 30/SEOJK.04/2016 on Form and Content of the Annual Reports of Issuers and Public Companies.	Regulating in more detail the form and content of annual reports.	The Company's Annual Report has been prepared in the form and content in accordance with FSA Notice No. 30/SEOJK.04/2016.

## 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 25, 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 fo 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.

## FUNDAMENTALS OF CODE OF ETHICS

Business Ethics and Work Ethics are a set of norms, values, and actions that are believed by the Company's as an ideal behavioral standard. The ideal behavior must be developed based on the noble values that are believed to be the Company's corporate 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 are 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 are, including:

- 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 synergize with Government programs.

The ethical behaviors expected in dealing with the public are, including:

- Socializing and optimizing the distribution of the Company assistance programs to the public;
- Proving 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 are, including:

- 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 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 2017, 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 Company has also distributed the Pocket Book of Business Ethics and Worker Ethics submitted by the Division of Organization and Business Process to all Workers.

The Code of Business Ethics and Work Ethics is the foundation by which to conduct the Company's activities. Therefore, in practice, PGN employees is carrying out their duties and responsibilities. Every unit manager/work unit must ensure that the Business Ethics and Work Ethics Guidelines has 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.

## CODE OF ETHICS IMPLEMENTATION AND ENFORCEMENT FORM

In implementing and upholding the code of ethics, PGN has established policies in the form of disseminated guidelines, including:

### Good Corporate Governance Guidelines

Good Corporate Governance Guidelines are established through the Board of Directors Decree No. 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 No. 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.

### Penalties for Code Violations

The sanctions imposed for any violation of business ethics shall be in conformity with applicable regulations, relevant engagement documents, and the Collective Labor Agreement between the Company and Workers. Penalties for violation of work ethics are stipulated in the Collective Labor Agreement between the company and workers.

## Violations of the Code of Conduct and Penalties in 2017

As of December 31, 2016, there has been no violation of Business Ethics committed by the Company, while Violations of the Code of Conduct have been penalized in accordance with the Collective Labor Agreement between the Company and Workers.

## WHISTLEBLOWING SYSTEM

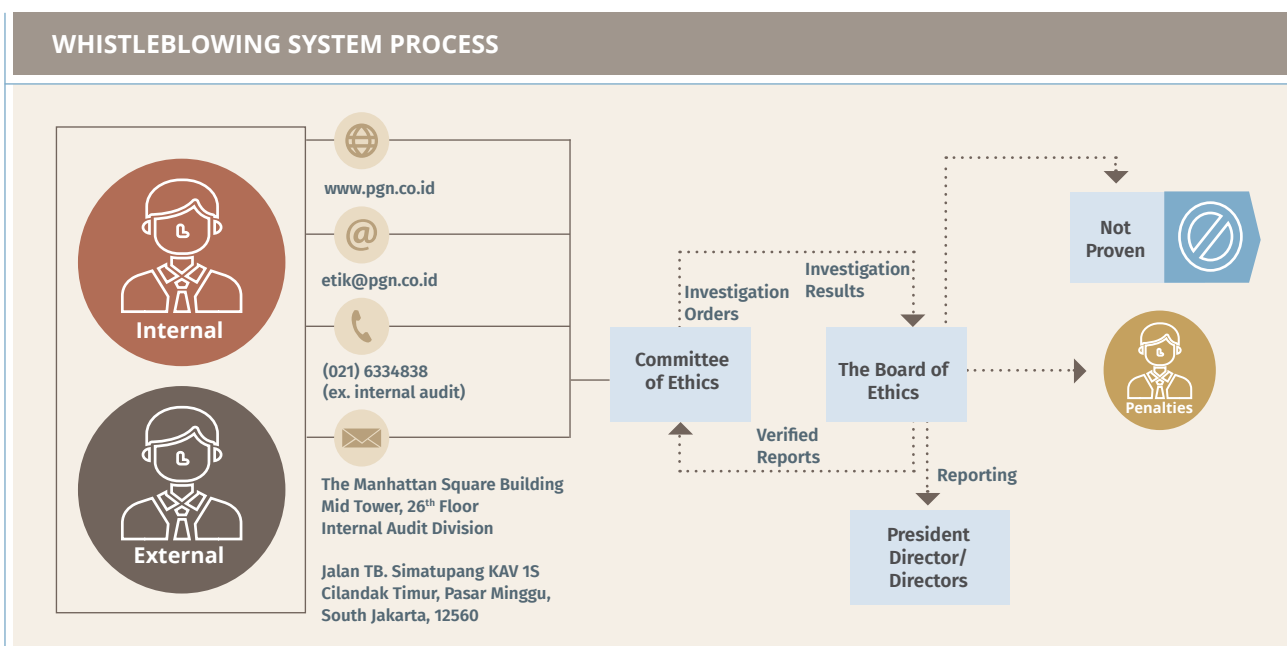
Currently, the Company has issued Whistleblowing System Guidelines that established under the Decree of PGN Board of Directors Number: 066303.K/PW.01/UT/2013 dated December 24, 2013 in Whistleblowing System Guidelines.

In line with the Company's commitment in implementing GCG, PGN has been constantly taking into account the interests of all stakeholders based on fairness and equality principles as established in the GCG principles. The Company's Whistleblowing System Guidelines (Violation Report Management Policy) authorized by the decree of the Directors Number: 066303.K/PW.01/UT/2013 dated December 24, 2013, is a system that can be used by a reporter as a medium in reporting indicated violations occurred in the Company that can not be resolved in company's normal procedures.

Reports obtained from the whistleblowing mechanism are necessarily being handled and followed up, including determining the appropriate penalties to give a deterrent effect for violators as well as for those who intend to commit violation.

Objectives of the Company's Whistleblowing System are:

1. To be the base or implementation guidelines in dealing with stakeholders' report on violations;
2. To be a reporting channel in resolving problems that can not be resolved through organization's normal procedures;
3. To ensure an effective violation report completion mechanism implementation in sufficient terms by the stakeholders;
4. To avoid negative publications toward the Company;
5. To support fairness principles in the Company and stakeholders' relation as businessmen and the Company's associate;
6. To be an effort in problems disclosure in the company that violates the applicable ethical standards.



## REPORTING VIOLATION REPORT

The Company's Violation Report Management provisions are as follow:

### 1. The Company's obligation to receive and resolve the Violation Reports

In this case the Company:

- a. Is obliged to accept Violation Reports from internal parties as well as external parties;
- b. Is obliged to accept and resolve Violation Reports reported by identified reporters as well as anonymous reporters;
- c. Provides violation reports management channel through the Committee of Ethics;
- d. The Committee of Ethics shall process violation reports in accordance to the reported party's context.

### 2. Violation Reports Acceptance

The Company has set a mechanism in Violation Reports Acceptance, which includes:

- a. Violation report is submitted to the Committee of Ethics which concerning the Board of Commissioners, Directors, as well as the Company's Employees;
- b. Violation reports can be submitted during or after office hours;
- c. Violation reports are submitted through the Company's official channels;
- d. The Company accepts every violation report submitted by the stakeholders and/or stakeholders' Representative both oral and written;
- e. The Company provides clear description about violation reports policy and procedure whenever the stakeholders and/or the representative submit a violation report;
- f. Reports on alleged violation delivered in oral or written are submitted in the following mechanisms:
  - By the Company's website: [www.pgn.co.id](http://www.pgn.co.id), sub section "Violation Report";
  - By email on [etik@pgn.co.id](mailto:etik@pgn.co.id);

- By phone call extension "*etik*", in which every violation report log book must be completed with sufficient information about the reporter as well as the report substance;
  - By PO BOX, that will be periodically checked and completed with its Minutes as witnessed by at least 2 (two) personnels of Internal Audit and Good Corporate Governance;
  - By delivering an official letter addressed to the Company c.q PGN Committee of Ethics, directly or by mail delivery addressed to: PT PGN (Persero) Tbk. Committee of Ethics - The Manhattan Square Mid Tower, 26<sup>th</sup> Floor, Internal Audit Division.
- g. Written reports of violation shall be completed with supporting evidence, such as document that is related to the initial indication of violation;
  - h. If a written violation report is submitted as an identified report, the Company shall provide acceptance receipt and if it is submitted as an anonymous report, it will be recorded in the list of violation report;
  - i. If the violation report was submitted by the stakeholders' representative, in addition to the abovementioned document, other documents that shall be submitted are:
    - A copy of stakeholders and stakeholders' representative identification;
    - Authorization Letter of stakeholders to the stakeholders' representative stated that the stakeholders give authority to procure act for and on behalf of the stakeholders. If the representative is an institution or a law firm, shall be attached a document of statement that the party submits the violation report has the authority to represent the mentioned institution or law firm.
  - j. The Company is obliged to present violation report receipt of acceptance to stakeholders and/or the stakeholders' representative who submits the report.



## PROTECTION FOR WHISTLEBLOWER

Protection for reporters has also been a concern in the Corporate Whistleblowing System Guidelines. Protection for reporters concerns in several matters, as follow:

1. The Company is obliged to provide protection for violation reporters;
2. Violation reporters' protection to support courage in reporting violation;
3. Protection for Reporters includes:
  - a. Confidentiality assurance on the reporter's identity and the report substance;
  - b. Security assurance for the reporter as well as his family.
4. A violation reporter shall receive protection from the corporate against adverse treatments, such as:
  - a. Unfair dismissal;
  - b. Degrading rank or position;
  - c. Any form of harassment and discrimination; and
  - d. Harnful content in personal file record.

## REPORT HANDLING

As contained in Chapter III, the Company has set the Whistleblowing System Guidelines describing steps taken in Violation Report Handling, such as:

1. Recommendation on whether an investigation is necessarily conducted based on submitted report verification by the Committee of Ethics given in 10 (ten) working days;
2. Recommendation from the Committee of Ethics is delivered to the Board of Ethics for determining whether an investigation on the violation report is done, in 10 (ten) working days term;
3. If the verification reveals that the violation was inaccurate and has no evidence, the report will not be on further process. On this matter, Minutes is compiled and signed by the Board of Ethics;
4. If the verification reveals any indication of violation followed with sufficient evidence, the Board of Ethics decides that the report can be processed further to the investigation stage;

5. In relation to violation reporting which involves employees of PGN that requires investigation, it must be followed up with an investigation conducted by the Committee of Ethics and if necessary, supports from other related functions as well as external parties are required;
6. The Committee of Ethics reports the investigation result to the Board of Ethics;
7. The Board of Ethics shall decide the further process for the investigation and determine the violation report status, whether it is closed if there is no supporting evidence or given penalties, and report it to the President Director or to the Board of Directors;
8. In case the proven investigation is involving PGN's employees, the further process shall be settled by the Board of Ethics without involving other related parties;
9. In case the proven investigation is involving a member of the Board of Directors, a member of The Board of Commissioners, the Board of Commissioners Supporting Organ, and a member of the Board of Ethics, the further process shall be settled by the Board of Directors without involving other related parties;
10. Violators that have been proven in investigation, will be processed in accordance to the applicable law and regulations.

## PARTIES MANAGING VIOLATION REPORT

The Committee of Ethics is the organ incharge in managing Whistleblowing System reporting to the Board of Ethics.

The Committee of Ethics is an independent function/ unit separated from the Corporate routine operations and having access to the top leaders of the Corporate. The Corporate's independent functions/units are among others: the Internal Audit Unit (SPI)/Internal Audit and the support from the Legal unit as well as GCG and Human Resource Unit if necessary.

Two units in charge in the Committee of Ethics are:

1. Report Recipient Unit

This unit receives violation reports and select them to be processed further by the investigation section without disclosing the reporter's identity. This Report Recipient Unit is also responsible in reporter's protection program, especially in his confidentiality and security assurance. For this purpose, officers in this unit have access to required financial, operational, and legal aid.

2. Investigating Unit

This unit is in charge in conducting further investigation on reported violation substance. The purpose is to observe and collect evidence required to confirm the violation. After the sufficient evidence is able to be provided, recommendation in penalty for the reported violation is given to the Board of Ethics to make decision. Meanwhile, if there are no sufficient evidence, the investigating process is dismissed and not being processed further. In order to perform the task, officers of this unit get support and operational access as well as information on all under investigation units.

The Committee of Ethics is responsible to the Board of Ethics. The Board of Ethics is an organ with direct responsibility to the President Director and in charge in investigation realization or dismissal order, recommendation on violation report's status, penalty decision and monitoring violation report's follow up. The chairman and members of the Board of Ethics consist of the Board of Directors appointed by the President Director and responsible to the President Director. In the event that proven investigation involves the member of the Board of Ethics, the violator can be substituted by one of the Board of Directors members as appointed by the President Director.

### RESULT OF REPORT HANDLING

Every investigation conducted by the Committee of Ethics shall be reported to the Board of Ethics. The Board of Ethics determine the follow up for the investigating result and decide the violation report's status, whether it will be dismissed if not proven or be sentenced with penalty, also report it to the President Director or the Board of Directors.

In the event of proven investigation resulted an involvement of PGN's employees, the further process will be settled by the Board of Ethics without involving other related parties. In the event of proven investigation resulted an involvement of member the Board of Directors, the Board of Commissioners, the Board of Commissioner Supporting Organ, and the Board of Ethics, the further process will be settled by the Board of Directors without involving other related parties. Violators that have been proven in investigation, will be processed in accordance to the applicable law and regulations.

### REPORTING THROUGH WHISTLEBLOWING SYSTEM IN 2017

Throughout 2017, there has been no report addressed directly through the Whistleblowing System reporting channel.

## PREPARATION OF THE FINANCIAL STATEMENTS

Consolidated financial statements are prepared based on Financial Accounting Standards in Indonesia (*SAK*), including Statements and Interpretations issued by the Board of Financial Accounting Standard of Indonesia (*DSAK*) and Rule Number VIII.G.7 on Financial Statements Presentation and Disclosure Guidelines issued by the Financial Services Authority (*FSA*). Financial statements preparation was conducted the Accounting Division.

In conducting the financial statements preparation, Accounting Division was supported by professional accountants equipping professional certificate in accounting both from international and national institutions. They are:

- 8 (eight) Accountants with CA (Chartered Accountant) certificate issued by The Indonesian Institute of Accounting;
- 10 (ten) Accountants with CPMA (Certified Professional Management Accountant) certificate issued by the The Indonesian Institute of Management Accounting);

- 4 (four) Accountants with CPSAK (Certified Statement of Financial Accounting Standard) certificate issued by The Indonesian Institute of Accounting;
- 5 (five) Accountants with CMA (Certified Management Accounting) certificate issued by The Institute of Management Accounting;
- 1 (one) Accountant with CPA certificate issued by CPA Australia;
- 1 (one) Accountant with PPK (Customs Expert Certificate) issued by BPPK (Financial Training and Education Institution);
- 2 (two) BKP-A (Certified Tax Consultant) which issued by Committee of Tax Consultant Certification.

In addition to issued professional certificates, Accounting Division personnels were also participated in events that enhances their competence and professional performances. The personnels were actively participating in Seminars, Congress, Conferences, Symposium, and National as well as International Trainings such as the Financial Reporting Standards International Seminar organized by the The Indonesian Institute of Accounting, Accounting Congress organized by the The Indonesian Institute of Accounting, Accounting International Conference organized by Airlangga University, National Symposium in Accounting organized by the The Indonesian Institute of Accounting and Accounting Training organized by the The Indonesian Institute of Accounting.

The Accounting Division has also been active in participating as speaker in several events, such as the Asia-Pacific Conference on International Accounting Issues organized by Craig School of Business, National Symposium in Accounting organized by the The Indonesian Institute of Accounting, Taxation Discussion organized by the The Indonesian Institute of Accounting and Taxation Discussion organized by the SOEs Tax Forum.

## EXTERNAL AUDITOR

### EXTERNAL AUDITOR APPOINTMENT PROCESS

Based on the Annual Shareholders General Meeting on May 4, 2017, the Company appointed Tanudireja, Wibisana, Rintis and Partners Public Accounting Firm member of Price WaterhouseCoopers (PWC) to audit the Financial Statement for Fiscal Year 2017. As stated in the company's Board Manual, the Board of Commissioners is responsible to propose the GMS Public Accounting Firms that will be appointed to audit the Company's financial statements of the current fiscal year and report it to the GMS. The Board of Directors supported the Board of Commissioners in the execution of Public Accounting Firm services procurement until the audit process is completed in the defined scope. The process of external auditors' appointment is as follow:

1. The Board of Commissioners supportes by the Audit Committee reviews the proposed Public Accounting Firms in the GMS;
2. The Audit Committee proposes three candidates of appointed Public Accounting Firms to the Board of Commissioners to be arranged in ranking results order;
3. The Board of Commissioners delivers the Public Accounting Firms Appointment on PT Perusahaan Gas Negara (Persero) Tbk.General Audit Fiscal Year 2017;
4. The Board of Commissioners proposes the GMS to approve the appointment on the Public Accounting Firms to audit the annual financial statements and request for delegation of authority and power from the GMS in determining the amount of the Public Accounting Firms' honorarium;
5. If the GMS accepts the Board of Commissioners' proposal, the GMS will appoint the proposed Public Accountant Firms, if the GMS rejects the proposal the GMS will determine the Public Accounting Firms on its own;
6. The Board of Directors implements the GMS decisions. A copy of contract between the Board of Directors and the Public Accounting Firms is submitted to the Audit Board of The Republic of Indonesia (*BPK RI*) no later than 7 (seven) days after the signing contract.

Based on the appointment, audit services that will be implemented by the PWC are:

1. General Audit on Consolidated Financial Statements of the Company in Fiscal Year 2017;
2. General Audit on Financial Statements of the Company's Community Development and Partnership Programs in Fiscal Year 2017;
3. Compliance Audit on the Law of Regulation and Internal Control in Fiscal Year 2017;
4. The Company's Performance Evaluation in Fiscal Year 2017 ended on December 31, 2017 and Key Performance Indikator (KPI) established by the Board of Commissioners.

In accordance to the GMS result dated May 4, 2017, the Board of Commissioners has the authority to determine the amount of audit services, additional scope of works needed and other requirements, including to substitute the Public Accounting Firms with incompleted works. The total amount of costs served for the Consolidated Financial Statements Audit year 2017 was Rp987,670,794 (including OPE dan VAT).

#### LIST OF ACCOUNTANT FIRM AND PUBLIC ACCOUNTANT FIRM APPOINTED BY PGN OVER THE LAST 8 YEARS

Fiscal Year	Public Accountant Firms	Name of the Accountant
2010	Purwantono, Suherman, Surja member firm Ernst & Young Global Limited	Drs. Hari Purwantono
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 dan Rekan member of Price WaterhouseCoopers	Yusron Fauzan
2017	Tanudireja, Wibisana Rintis dan Rekan member of Price WaterhouseCoopers	Yusron Fauzan

#### OTHER SERVICES

The above parties appointed as PGN's External Auditors for Fiscal Year 2017 have completed their tasks independently in accordance to the professional standards of public accountants, employment agreement and audit scope that has been set. Tanudireja, Wibisana, Rintis and Partenrs Accounting Office did not provide any other consulting services to PGN.



Natural gas distribution infrastructure operation, supervision, and maintenance was conducted in a regular routine with high security standard. PGN assigned a Subsidiary Entity, PGASSOL to manage the activity in all over Indonesia.

## ACCESS TO COMPANY'S INFORMATION AND DATA

In order to provide convenience for the Stakeholders and to comply with the provision of Law No.14 Year 2008 on Public Information Disclosure, PGN has been constantly updating its Company's information to be presented to the Public.

Moreover, in complying for the required disclosure, PGN also constantly reports all information and material fact to the capital market authorities, both through letter sent to the Financial Services Authority and electronic report submitted to the Indonesian Stock Exchange. PGN also actively publishes every Corporate action by conducting bilingual press release, i.e. Indonesian and English, that are available in PGN's website for free download.

Furthermore, in order to provide sufficient information for investors as well as potential investors, PGN applies a variety of communication channels, such as phone calls, conference calls, emails, and the Company's website. PGN also conducts direct interactions, such as one-on-one/group meetings, site visits, non-deal roadshows and conferences. The company has also been proactively joining public meeting events held by government institutions as well as foreign and local securities institutions in conferences, public exposures, and investor summits.

Throughout 2017, PGN in its Investor Relation Division has conducted 86 meetings, 71 conferences/video calls, Non-Deal Roadshows, and participated in several conferences and investor summits, such as:

- Mandiri Investment Forum – February 2017
- UBS Indonesia Conference – March 2017
- Public Expose BEI – August 2017
- DB Access Indonesia Conference – November 2017
- 16<sup>th</sup> Morgan Stanley Annual Asia Pacific Summit – November 2017
- IR Magazine Awards & Conference - South East Asia 2017 – December 2017
- GoldmanSachs IR Forum Singapore – December 2017
- Bina Arta Summit – December 2017

Furthermore, PGN has also conducted 3 (three) site visits in 2017; to Offtake Station Facility Semare – Pasuruan in May, to Onshore Processing Facility (OPF) PT Saka Energi Indonesia - Pangkah Surabaya in December, and to PGN Gas Station Pondok Ungu – PT Gagas Energi Indonesia Bekasi in December. Site visits are important for direct introduction and explanation about operational activities and business development of PGN to the investors/analysts.

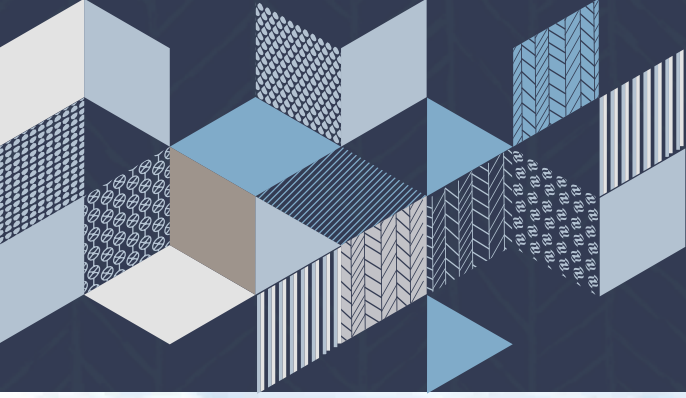
PGN also continue strengthen its technology platform to maintain and to improve its reliability in providing integrated, on time, and targetted information through the website on [www.pgn.co.id](http://www.pgn.co.id) as well as the Ministry of SOEs website.

For customers and potential customers, more information on PGN is approachable by sending email to [contact.center@pgn.co.id](mailto:contact.center@pgn.co.id) or by calling the contact center on 1500 645.

Meanwhile, investors, analysts, and Shareholders can directly contact the Investor Relation Division by sending email to [investor.relations@pgn.co.id](mailto:investor.relations@pgn.co.id) or calling (6221) 8064 1111.







**Intensive interaction:** PGN has been periodically interacting with the community, local government, central government, and customers, discussing issues of importance and benefits for stakeholders.



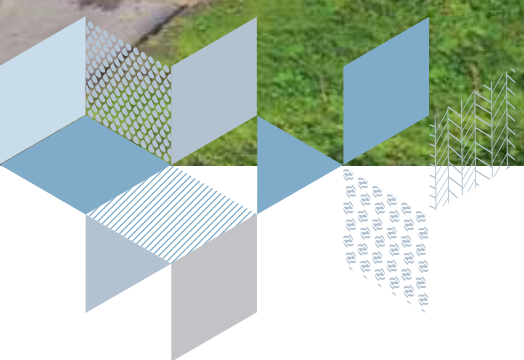
06



**CORPORATE SOCIAL  
AND ENVIRONMENTAL  
RESPONSIBILITY**



# CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY



PGN is committed to participate in the improvement of prosperity and sustainable economic growth through energy independence and environmental conservation efforts.

## CONTRIBUTION TO THE SOCIETY

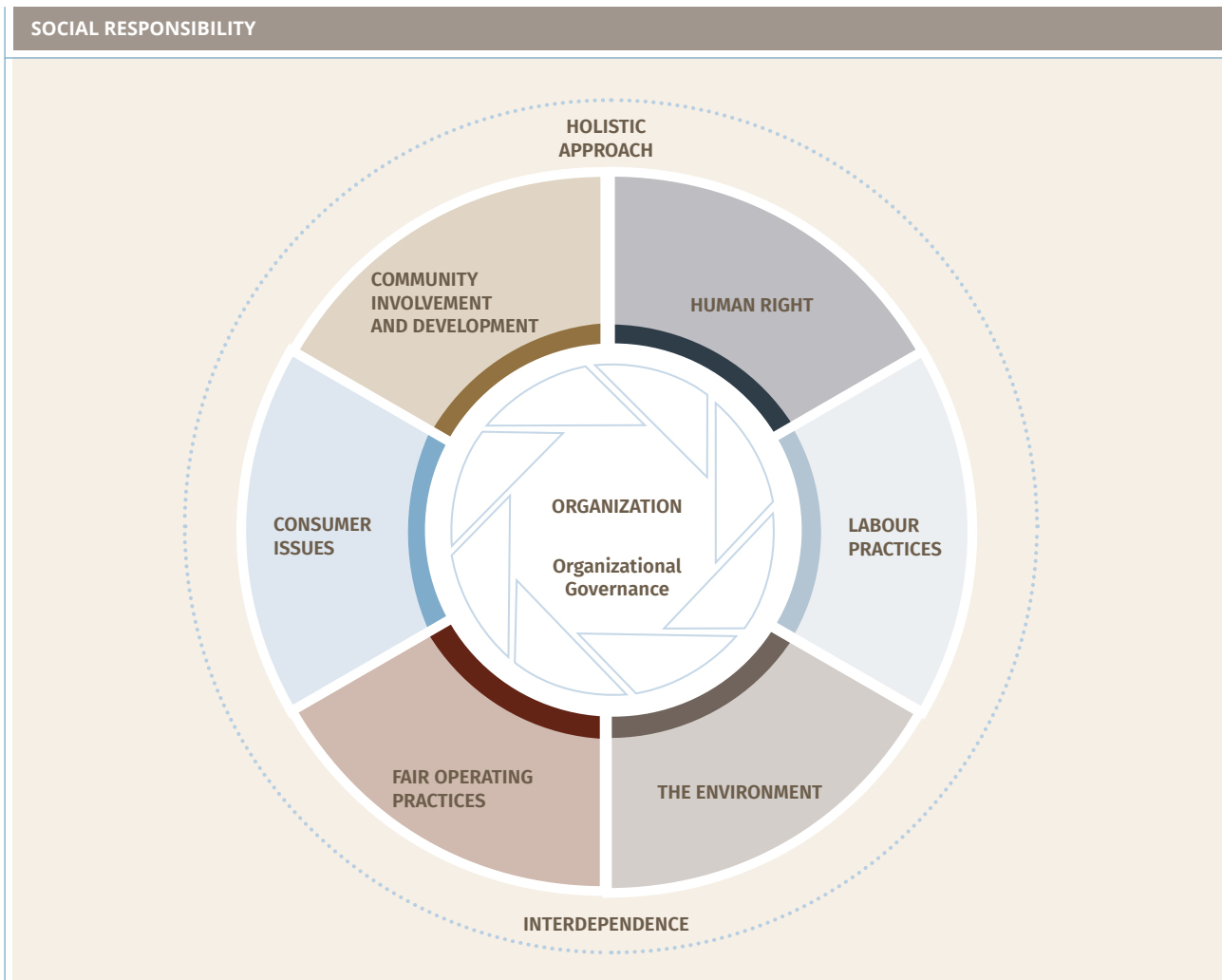
PGN is committed to always participate in creating sustainable economic development in order to improve the quality of life and the beneficial environment, both for PGN, local communities, the community in general and for the future generations to come. By running an environmentally sound business and participating in the Government’s efforts to realize the people’s prosperity, through the implementation of various environmental, social and community programs, PGN will be able to achieve the sustainable business growth.

Fulfilling the social responsibility will become the main priority in PGN’s sustainability strategy. PGN has stabilized its Social and Environmental Responsibility Policy refers to Social Responsibility ISO 26000 as

an effort to manage the company’s operational impact and risk towards the surrounding community. ISO 26000:2010 was published by the International Standardization Organization (ISO) as an on international guidance in the implementation of CSR and was later adopted by the National Standardization Agency or (*Badan Standarisasi Nasional* – BSN) into SNI ISO 26000:2013. The implementation of ISO 26000 by PGN is able to contribute more optimal to support the achieving sustainable development goals.

The ISO 26000 consist of 7 main subject, such as:

1. Organizational Governance;
2. Human Rights;
3. Labour Practices;
4. Environment;
5. Fair Operating Practices;
6. Consumer Issues;
7. Community Involvement and Development.



**A. ORGANIZATIONAL GOVERNANCE**

Organizational governance is an important aspect for the company to be responsible for the impact of its decisions and activities and to integrate CSR into the company and its relationship with various parties. Organizational Governance within the context of CSR has a specific characteristic to be an important element of how a company should act and be able to enhance a company's ability to act and socially responsible related to the other 6 cores subjects in ISO 26000.

The company organization has been established and is constantly updated according to the company's development and taking into consideration of the conditions of the external environment. PGN takes a neutral position in politics, and always pays attention to the principles of GCG, promotes the social responsibility within the operating environment, the company has ensured the usage of officially licensed software.

CSR managing organizations has been established as the realization of corporate social and environmental responsibility.

**B. HUMAN RIGHTS**

Recognition and respect to the Human Rights are internationally recognized through the laws and concepts of social justice. The government has the duty and responsibility to respect, protect and fulfill the human rights, meanwhile the company the has the responsibility to respect the Human Rights, including human rights to all stakeholders related to the company.

**C. LABOUR PRACTICES**

Employment Employment in this matter consist of 5 issues, such as: employment relation, environmental condition, social dialogue, health and work safety, and human resource development.

**D. THE ENVIRONMENT**

There are 3 issues discussed in regards with the environment, such as:

- a. the pollution prevention;
- b. the usage of resources continuously;
- c. adaptation and mitigation to climate change;
- d. protection tothe environment, biodiversity and the restoration of natural habitats recovery.

**E. FAIR OPERATING PRACTICES**

Fair operating procedures are related to the company's internal code of conduct when dealing with other companies/organizations, including cooperative relationships with governments, other companies, suppliers, consumers and organizations/associations. The important elements of concern in this core subject are anti-corruption, responsible engagement in the public interest, fair competition, and having a social responsibility behavior.

**F. CONSUMER ISSUES**

Consumer issues is related to social responsibility, and also related to fair marketing practices, protection of health and safety, responsible consumption patterns, resolution related to conflict and compensation, protection of consumer data and privacy, access to required products and services, ability to fulfil needs of groups of vulnerable or disadvantage customers.

## G. COMMUNITY INVOLVEMENT AND DEVELOPMENT

Developing issues related to community development including of creating jobs through the expansion and diversification of economic and technological development activities, moreover to contributing through social investment in the field of health and creating the income for the community through local economic development ideas, improving the quality of education, promotion and conservation culture and art, and promote or provide health care facilities.

It is important that the action for community engagement requires respect for the law and the engagement process itself, and as well as provides an opportunity for the others to engage and provide related to the points of view.

CSR program management guidelines are mostly implemented in global corporates and becomes a reference for CSR program management to give optimal benefits for the recipients. The benefit will eventually develop social and economic life of the surrounding community along with the company business growth.

Basically, through the implementation of ISO 26000, the CSR responsible organiser will get some advantages, as follow:

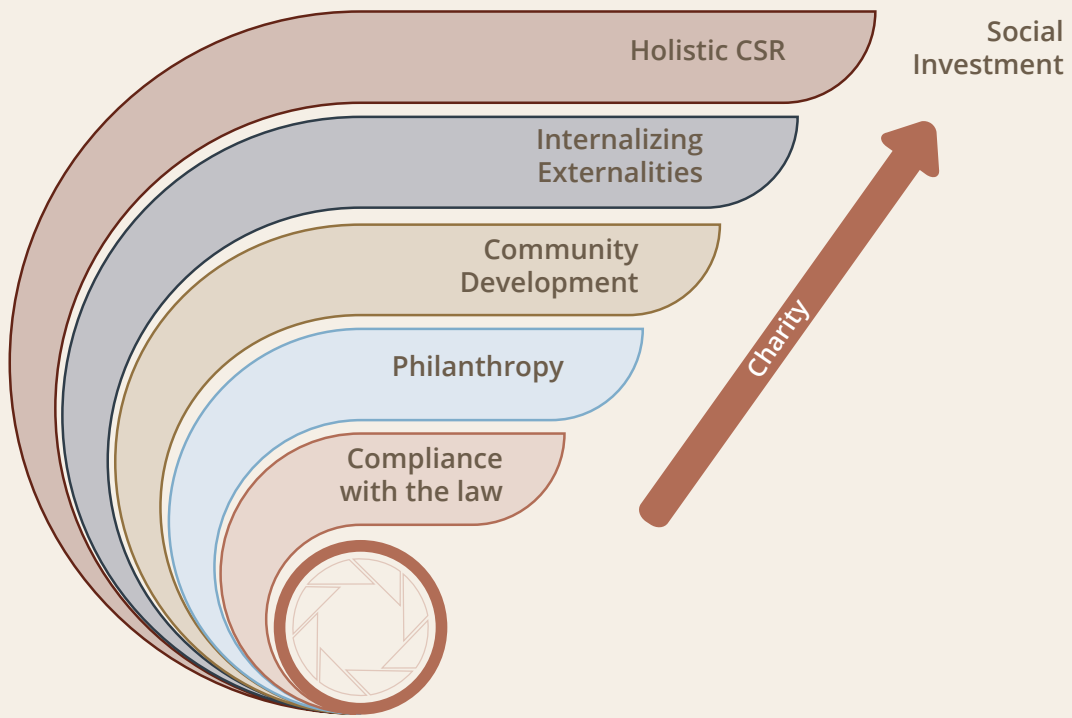
1. Understanding of how the implemented programs can influence the local society's life or the recipients, who at the end contribute to a sustainable development;
2. Being able to identify, get involved and appreciate the related stakeholders' expectations;
3. Being able to define relevant and significant issues so that possible to arrange the program based on the priority;
4. Providing internal and domestic rules fulfillment in preparing and conducting programs, and at the same time based on the universal norms;
5. Integrating good relationship and program responsibility with the surrounding community.

Social and Environmental Responsibility (*Tanggung Jawab Sosial dan Lingkungan* or *TJSL*) known as Corporate Social Responsibility (CSR). Therefore, as a Company that is registered on the Stock Exchange, TJSL is a form of PGN's CSR.

The implementation of CSR in PGN is not only charity activities however more than that, as follow:

1. Compliance with applicable laws and regulations;
2. Providing assistance in the form of donation (philanthropy);
3. Fostering the community to improve the quality of life (community development);
4. Bear the cost of the resulting negative impact (internalizing externalities);
5. Conducting CSR by integrating in the corporate management system, so that CSR is done by all elements in the company (holistic CSR).

CONTRIBUTION TO THE COMMUNITY



CSR in PGN constitutes its continuous concern for environment, respect of human rights, obligation to provide a comfortable place and good work relationship with its employees, priority to maintain occupational health and safety work, and participate in developing local economy and community.



## ENVIRONMENT RESPONSIBILITY



### POLICIES

PGN's environmental policy is a part of an integral policy which addresses the safety, health, security, environmental, and energy aspects, referred to as the Policy on Occupational Health and Safety, Environmental Safeguard and Management as well as Energy which has been updated in accordance with PGN's business transformation and was ratified by the Top Management on June 1, 2017.

This OHSESME 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;
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;
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 Management System for Occupational Health and Safety, Environmental Safeguard and Management as well as Energy on a regular basis for the purpose of sustainable improvement.



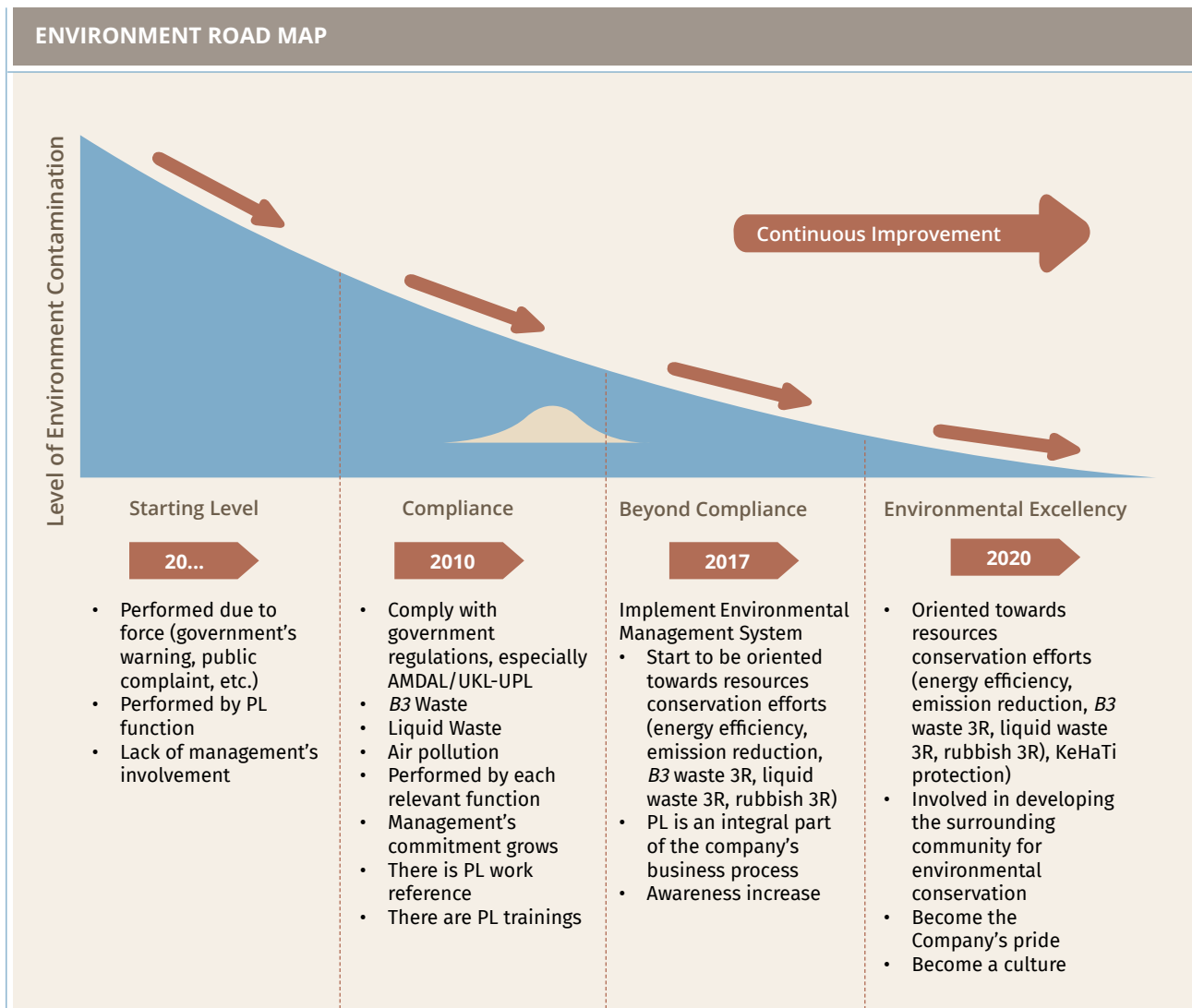
PGN is determined to create a healthy, safe, secure, and environmentally friendly work environment in its entire business management area.



In its implementation, PGN had set the targets of environmental management for the year 2017 as follows:

TARGET OF ENVIRONMENTAL MANAGEMENT FOR THE YEAR 2017			
Environment	Leading Indicator	Item	Target
		Internal Audit of the Environmental Management System	1x/year
		% Follow-up on the Completion of Audit Results	100%
		Achievement of PROPER	Blue
	Lagging Indicator	Environmental Contamination	0

In order to reach the target, a roadmap for sustainable environmental improvement had been set as follows:



## THE UNDERTAKEN ACTIVITIES PROGRAM

In distributing natural gas, PGN's operational activities did not give significant negative impacts on the environment. However, PGN's operational activities remained consistent with the principle of environment friendliness and continuity. Each of PGN's activity has been complemented with Environmental Impact Analysis (AMDAL) as well as Environmental Management Efforts and Environmental Monitoring Efforts (UKL-UPL) and besides that PGN also had environmental permits from the relevant authority. Not only maintaining the operational reliability, PGN also maintained the quality of environment by complying with the environmental quality standards set by the Government and protected the environment. PGN showed its commitment in environmental management through the following, among others:

### a. Use of Materials

In building distribution and transmission networks, PGN has been using pipes made of steel or PE (Poly Ethylene) plastic materials with carefully-calculated thickness. The steel pipes are layered with coating and other protections which make them anti-rust, durable, and able to be buried underground for a prolonged period of time (about 30 years). The purpose is to minimize the impact on environment.

Another material which is quite important in the main operational activities is the impurities absorber or filter placed inside the pipes. The function of this absorber is to clean impurities like water vapor or other dissolved substances in order to maintain the quality of natural gas. A replaced absorber is treated as solid waste which will in turn be treated in accordance with the applicable regulations in order to prevent it from contaminating the environment. PGN has been using the said materials to minimize the impact from its production activities.

In its operational activities, PGN has also been applying a paper saving policy through the following programs: technology-based administration system, namely secretariat management electronic system (e-sms) to reduce the use of papers, centralized printing system to control the use of papers, use of both sides of papers, and paper waste recycling. These systems have been capable of suppressing the amount of paper consumption in administrative activities.

PGN has also been applying a policy which allows other materials which are not useful yet recyclable to be managed by a more competent party. These unused materials are handled in three ways, which are sale, grant, 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 (*B3*) 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.

#### b) 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 (*K3PPLE*), PGN has been realizing one of its corporate responsibilities by managing energy consumption.

In 2017, 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 high-energy 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 result of the energy audit, the Energy Consumption Index (IKE) of PGN's office at Gedung Graha PGAS is 12.88 kWh/m<sup>2</sup>/month. The result indicates that PGN's office at Gedung Graha PGAS belongs to the Efficient category under Regulation of the Minister of Energy and Natural Resources (ESDM) Number 13 Year 2012 concerning Electrical Power Consumption Saving. The result also indicates reduced energy consumption which was previously 17.63 kWh/m<sup>2</sup>/month in 2012.

This energy saving can be achieved through the following programs:

- Replacement of lamps to LED-based lamps which save more energy and last longer;
- 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;
- Distributing and installing converter kits 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 2017, 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.

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.

PGN's total carbon emission in the year 2017 is as follows:

EMISI CARBON SCOPE 1 EN15				
Activities	Emisi Carbon PGN (Ton CO2 eq)			
	2017	2016	2015	2014
Venting	2,505.56	2,564.59	890.88	5,138.42
Instrumentation	3,204.98	2,777.95	915.5	3,186.79
Blowdown	631.03	506.47	80.27	300.54
Gas Leakage	31,673.15	8.34	1.54	-
Gas Fuel	36,208.25	37,039.48	47,396.94	38,572.77
Generator Fuel	95.24	973.25	990.26	1,238.67
Vehicle Fuel	1,949.09	1,762.40	1,473.09	2,290.61
Vehicle Gas Fuel	-	498.37	566.81	492.72
Gas For Chiller	1,247.50	314.84	245.29	1,104.18
<b>TOTAL</b>	<b>77,514.80</b>	<b>46,445.68</b>	<b>52,560.58</b>	<b>52,324.7</b>

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 gas consumed for compressor turbines;
- Emission of business travel using a plane;
- Emission from natural gas distribution activities.

EMISI CARBON SCOPE 2 EN16				
Activities	Emisi Carbon PGN (Ton CO2 eq)			
	2017	2016	2015	2014
Electricity	9,072.98	15,837.03	8,217.58	11,530.07
Flight	511.46	782.93	625.86	354.86
<b>TOTAL</b>	<b>9,584.44</b>	<b>16,619.96</b>	<b>8,843.44</b>	<b>11,884.93</b>

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 Forestry (*KLHK*) and the Environment Service Office.

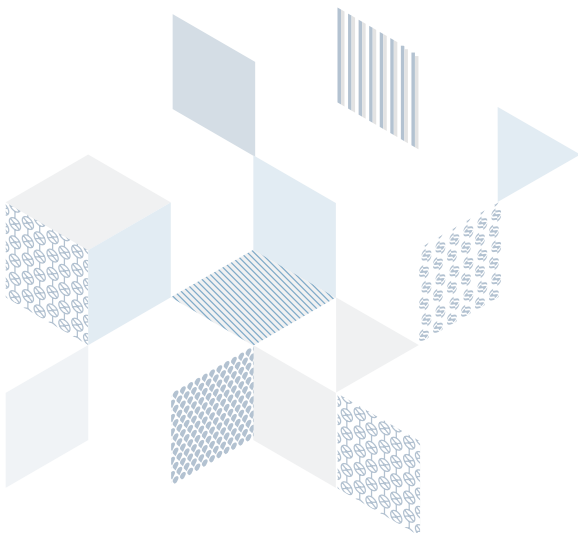
h. Training

PGN has been continuously organizing various training programs on environment and environmental management, by involving various levels of its employees. Trainings organized in 2017 are as follows:

- Training on Environmental Permit Preparation and Implementation;
- Training on *B3* and *B3* Waste Management;
- Training on Company's Performance Rating Evaluation Program (PROPER);
- Training on Energy Management System.

### 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 2017, 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 East Java;
  - Gas Distribution Management Regional III Offtake Station Panaran Batam;
  - Gas Transmission Management Compressor Station Pagardewa Muara Enim.

2. ISO 14001:2004 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.

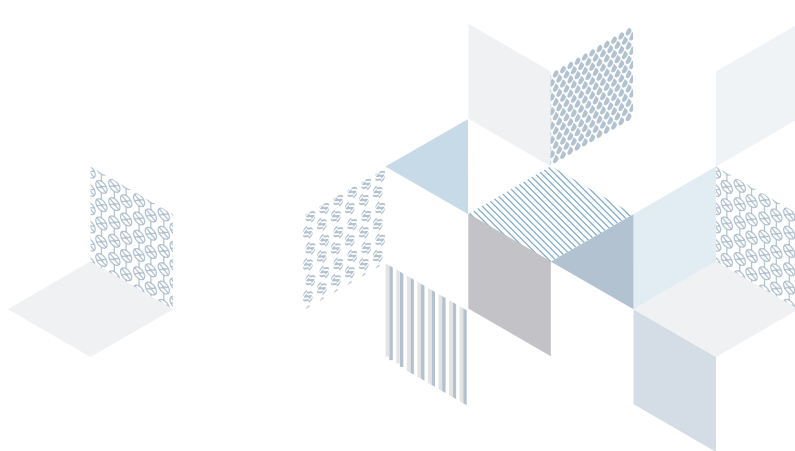
3. Other Awards

Indonesia Green Awards 2017 for the Category of Energy Saving, New and Renewable Energy Development.

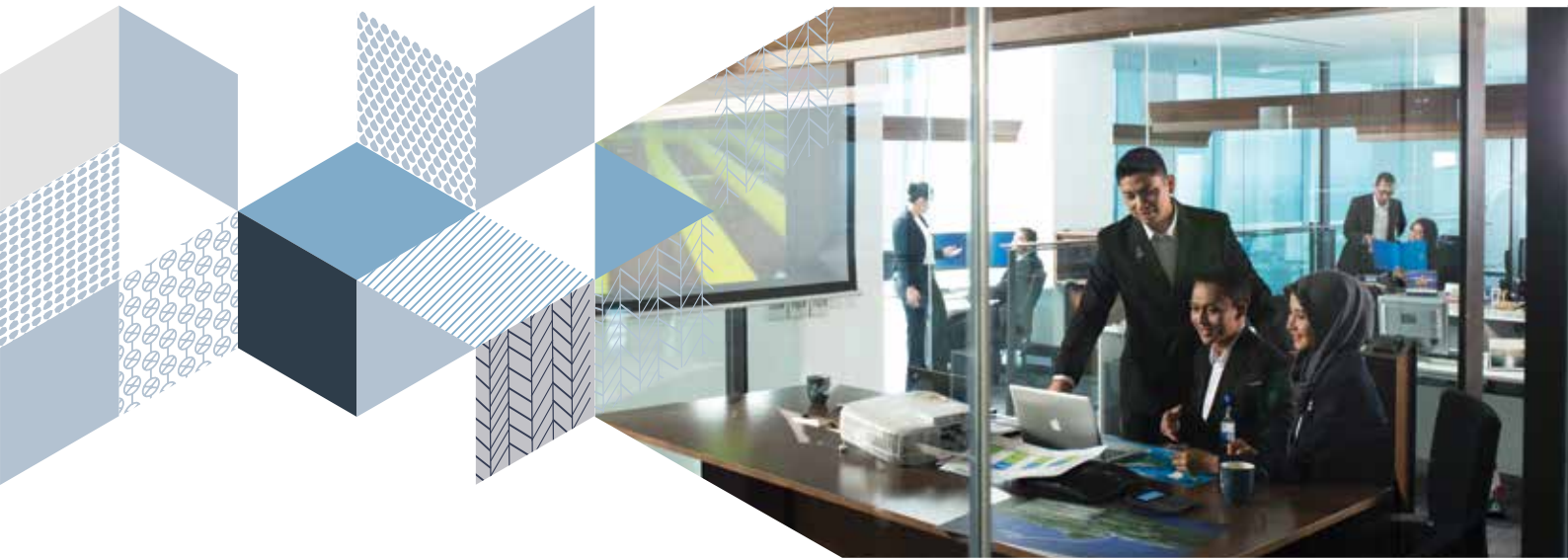


**ACTIVITIES EXPENSES**

Expenses spent on the environmental management related activities throughout 2017 are IDR16,302,358,794.



## EMPLOYMENT



### POLICIES

The employees are the main capital for PGN, 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

The employees' welfare is ensured in order to attract and acquire the best human resources, motivate the employees to give their best performance, and retain the best employees.

### 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;



The company gives an equal opportunity to all people, either man or woman, regardless of the difference in ethnicity, religion, race, class, and gender.

- 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;
  - 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 (KMO) application as a means of sharing knowledge and best practices in day to day work;
  - PGN Online Paperless Payment (POPAY) application for processing internal and external payments;
  - PGN Learning Management System application for managing employee trainings;
  - INFOKU application for managing employee self-service data.
- 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.
- The employees and the labor union in an industrial relationship have important functions, namely: carrying out work according to their duties, maintaining orderliness for the sake of production continuity, sharing their aspirations democratically, developing their skills and expertise and taking part in advancing the company, and fighting for the welfare of its 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/II/P/IX/2009 dated September 19, 2009 by the Labor and Transmigration Sub-Service Office – West Jakarta Administrative City. The SP has its members spread around each PGN's organizational unit and is centralized in the central management association. Membership in the Labor Union is not mandatory. PGN believes that its relationship with SP-PGN has been harmonious and any issue 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*. PGN Bipartite *LKS* has been registered through Decision of the Labor and Transmigration Sub-Service Office of the West Jakarta Administrative City Number: 2033 Year 2014.

Bipartite *LKS* is highly required to avoid and minimize misunderstanding between both parties, accommodate the wishes and aspirations between the Company and the employees, and bridge the management and the employees in sharing their aspirations and discussing various matters which concern interest within the Company.

#### c. Collective Labor Agreement

Collective Labor Agreement (*PKB*) has been effective from December 31, 2017 to December 30, 2019 and has been approved by the Ministry of Labor of the Republic of Indonesia through his decree No. Kep. 006/PHIJSK-PK/PKB/1/2018 dated January 15, 2018. PGN Labor Union represented the employees in discussing the preparation of *PKB* with PGN management.

In the said *PKB*, the rights and obligations of the company and the employees are set out in a balanced manner. The *PKB* exists for the following purposes:

- Providing certainty in terms of rights and obligations of the Company and the Employees which includes: industrial relationship, work requirements, and the Company's Rules of Conduct;
- Reinforcing and improving cooperation between the Company and the Employees;
- Setting the method for resolving difference of opinion in a fairly manner to avoid dispute and any difference will always be resolved by deliberation to reach consensus;
- Setting protection for the employees in the event of transfer of Company Ownership (Merger/Acquisition).

#### d. 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. In case an employee carries out work beyond the specified work hours, the employee will be given compensation in the form of overtime pay in accordance with laws and regulations.

In operational work where the employees are demanded to perform the job reliably for 24 hours a day, PGN has been using a shift system. The shift requirement is adjusted with the field conditions being faced, but there is usually 2 – 3 shifts in one day. If an employee works beyond the specified shift, the employee will be given compensation which has been taken into account in the work remuneration as mutually known and agreed. This system is aimed at preventing actions which might be classified as forced labor.

While working, each employee is given an opportunity to break at a certain hour and is given an opportunity to apply for annual leave and long leave every 3 years. PGN also gives compensation to its employees, which includes the following: permission to leave work with Basic Salary for a number of purposes, permission to perform the hajj pilgrimage and other religious pilgrimage, childbirth leave permission, and menstruation leave permission for the first day for female employees.

e. Human Rights

PGN respects human rights by implementing non-discriminating 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.

An equal opportunity is given to all employees to participate in the Training and Education programs, from the level of executive to the level of management. Throughout 2017, in-house and public trainings have been organized to develop managerial competence. The trainings consisted of 25 programs joined by 461 participants, 190 in-house and public training programs for technical competence development joined by 1,916 participants, and 15 education programs (STEM – Akamigas Cepu Diploma, Offshore Master Degree, Domestic Bachelor Degree) joined by 42 participants.

PGN complies with the policy on not employing underage children and until this report is prepared, the youngest employee recorded in PGN is 21 years 6 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 system 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.

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 Time-bound), 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 since December 2010 in response to PGN's requirements for 3 main items, 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

A side 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 2017, 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 2017, 92 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.

For the active employees, this Program is also a reflection for them that all employees will retire someday. With the contributions from the employees, it is expected that the contributions can be useful when the employees retire, and the willingness of the employees to take part in this program is extremely vital. By helping the passive retirees, the employees indirectly help themselves when they retire someday.

## ACTIVITIES EXPENSES

During 2017, PGN has organized 11,594 man-days to realize the employee education and training programs with the total expenses of IDR32,410,250,000.

## OCCUPATIONAL HEALTH AND SAFETY



### OHS MANAGEMENT SYSTEM POLICIES

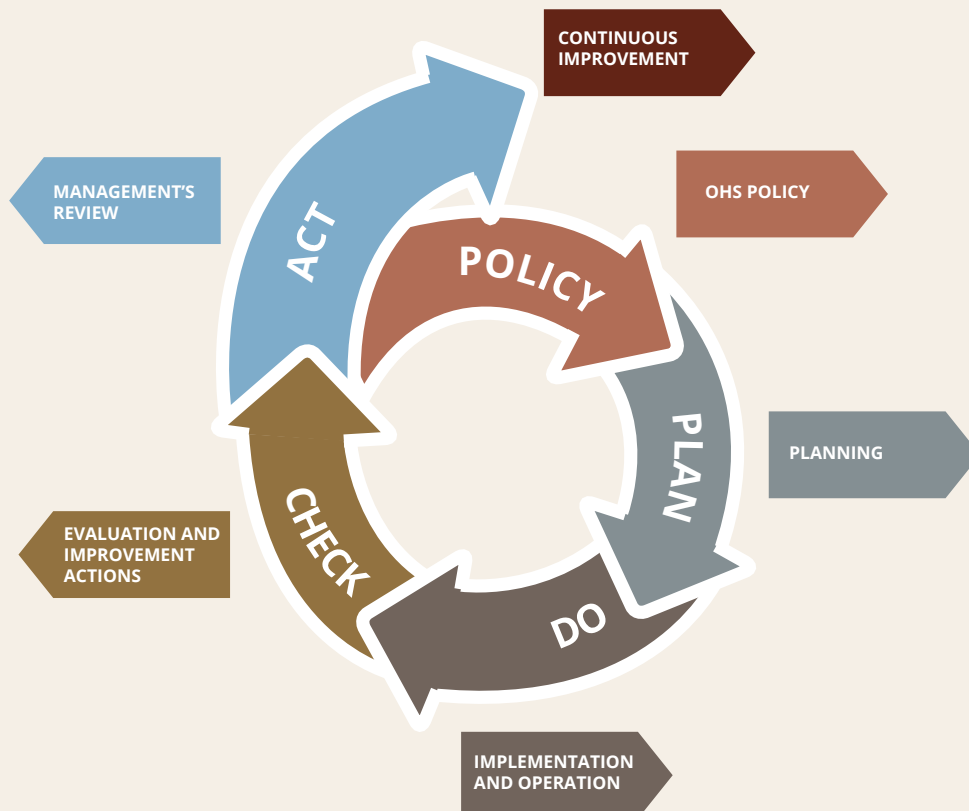
Occupational Health and Safety (OHS) management in PGN constitutes a substantial matter as it has a high risk on the business management activities of PGN which engages in the natural gas transmission and distribution business. With good OHS management, all chances of occupational accident or health 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.

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 has been PGN's main concern in an effort to become a world-class energy Company.

TOTAL GROWTH OF INDUSTRY SECTOR 2016 - 2017



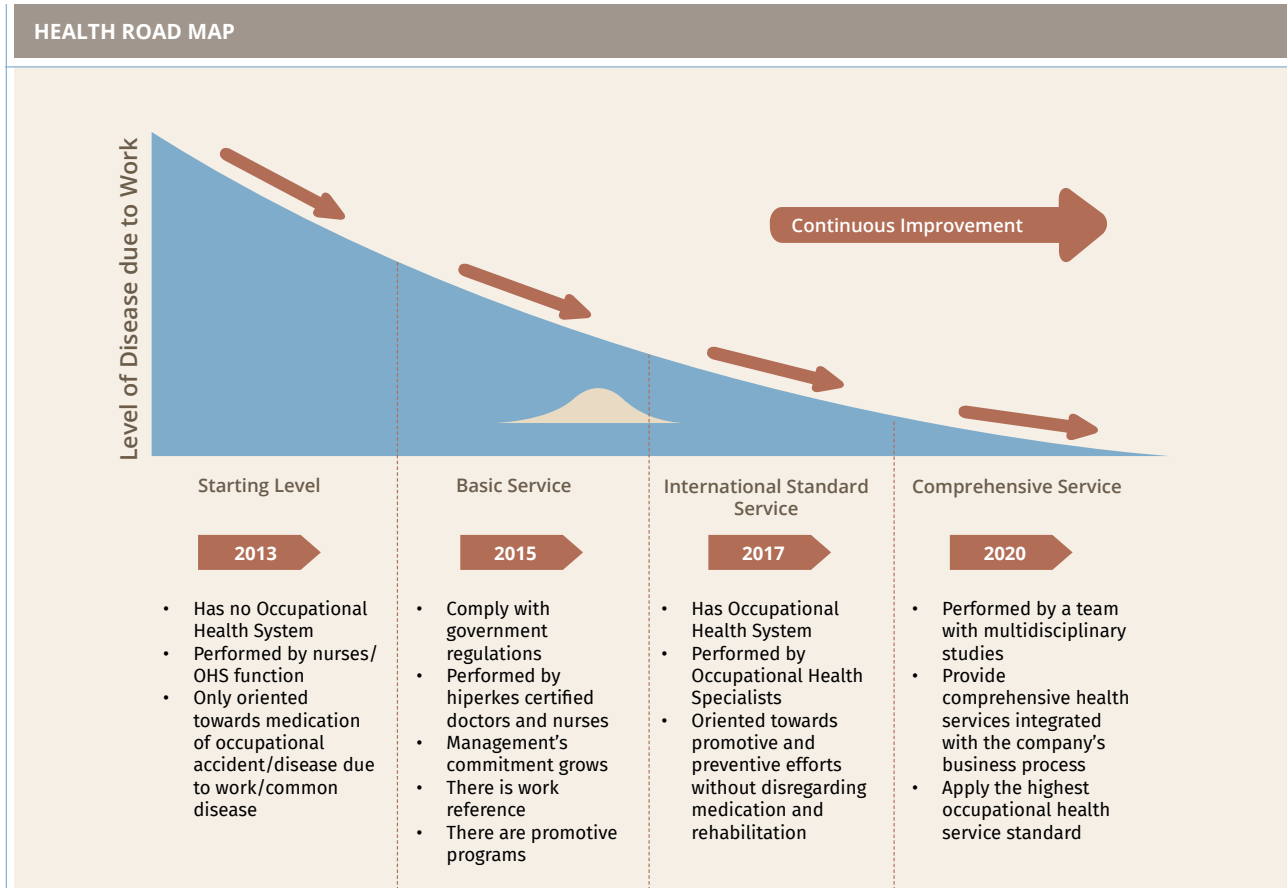
**OHS Targets**

In an effort to continue improving the implementation of the OHS management system, improvement efforts have been made continuously. This is reflected in the increase in the targets which are relevant to the company's OHS performance growth.

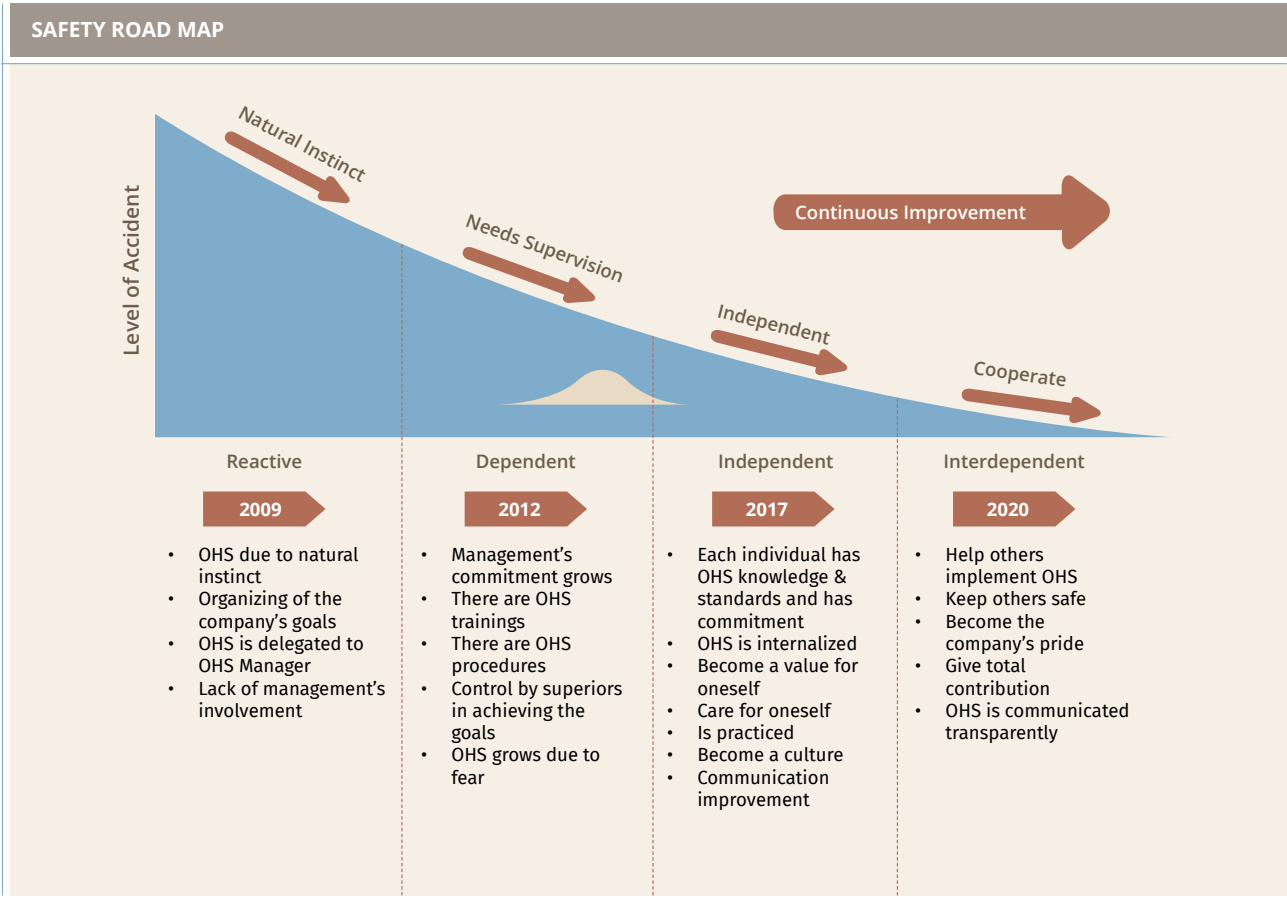
	ITEM	TARGET	
Leading Indicator	Health	% Pemakaian Kesehatan berkala (MCU)	100%
		Pengukuran Lingkungan Kerja	1x/tahun
	Safety	Penetapan Sistem Manajemen K3	Terselenggaranya Dokumen Acuan Kerja Sistem Manajemen K3
		Pelaksanaan Audit Internal SMK3*	1x/tahun
		% Tindak Lanjut Penyelidikan Hasil Audit**	100%
	Security	Penetapan Sistem Manajemen Pengamanan	Terselenggaranya Dokumen Acuan Kerja Sistem Manajemen Pengamanan
		Pelaksanaan Audit Internal SMP*	1x/tahun
		% Tindak Lanjut Penyelidikan Hasil Audit**	1
	Environment	Penetapan Sistem Manajemen Lingkungan	Terselenggaranya Dokumen Acuan Kerja Sistem Manajemen Lingkungan
		Pelaksanaan Audit Internal SML*	1x/tahun
Lagging Indicator		% Tindak Lanjut Penyelidikan Hasil Audit**	1
	Health	Penyakit Akibat Kerja	0
	Safety	LTI	0
	Security	Peranan Tingkat Gempaan Keamanan	0% dan tahun sebelumnya
	Environment	Pencemaran Lingkungan	0%

\* Untuk Anak Perusahaan yang telah mengimplementasikan SMK3, SML dan SMP  
\*\* Peserta PROPER sesuai rekomendasi Kemen LHK

To reach the targets, a roadmap has been prepared to create continuous improvement as follows:





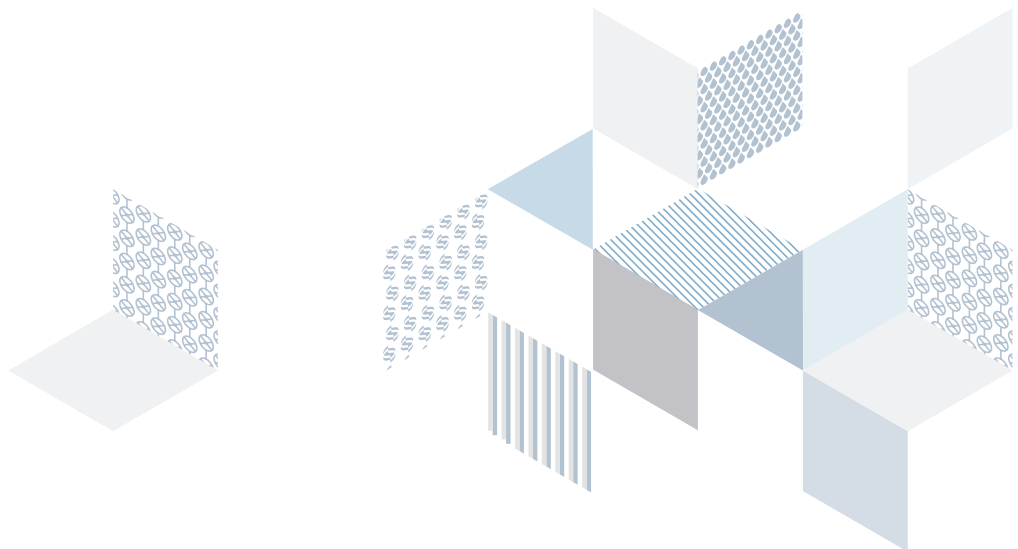


**OHS Reporting**

PGN regularly submits reports to the regulator. The reports are submitted to the Department of Labor and the Ministry of Health every three months and to the Directorate General of Oil and Gas every month.

**Achievement in OHS**







The high commitment given by the Top Management and genuine efforts from all levels in PGN in increasing awareness of OHS risks and improving several parameters of event that serve as reference for OHS work.





### Safe Work Hours

Until December 2017, PGN's safe work hours had reached 83,009,685 hours.

SAFE WORK HOURS			Total Safe Work Hours
No	Area		
1	Head Office		13,076,118
2	GDM I		26,560,841
3	GDM II		16,065,418
4	GDM III		12,054,557
5	GTM		12,695,879
6	PMO		2,556,872
<b>TOTAL</b>			<b>83,009,685</b>

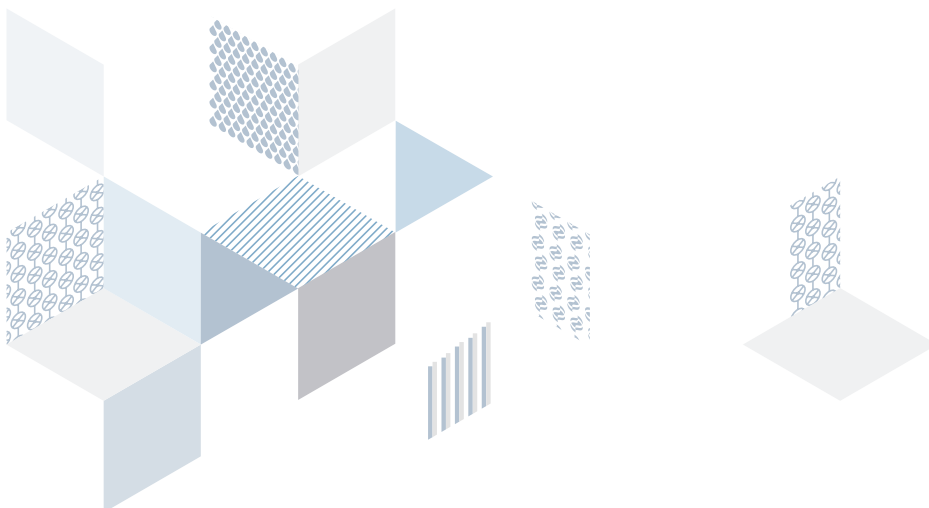
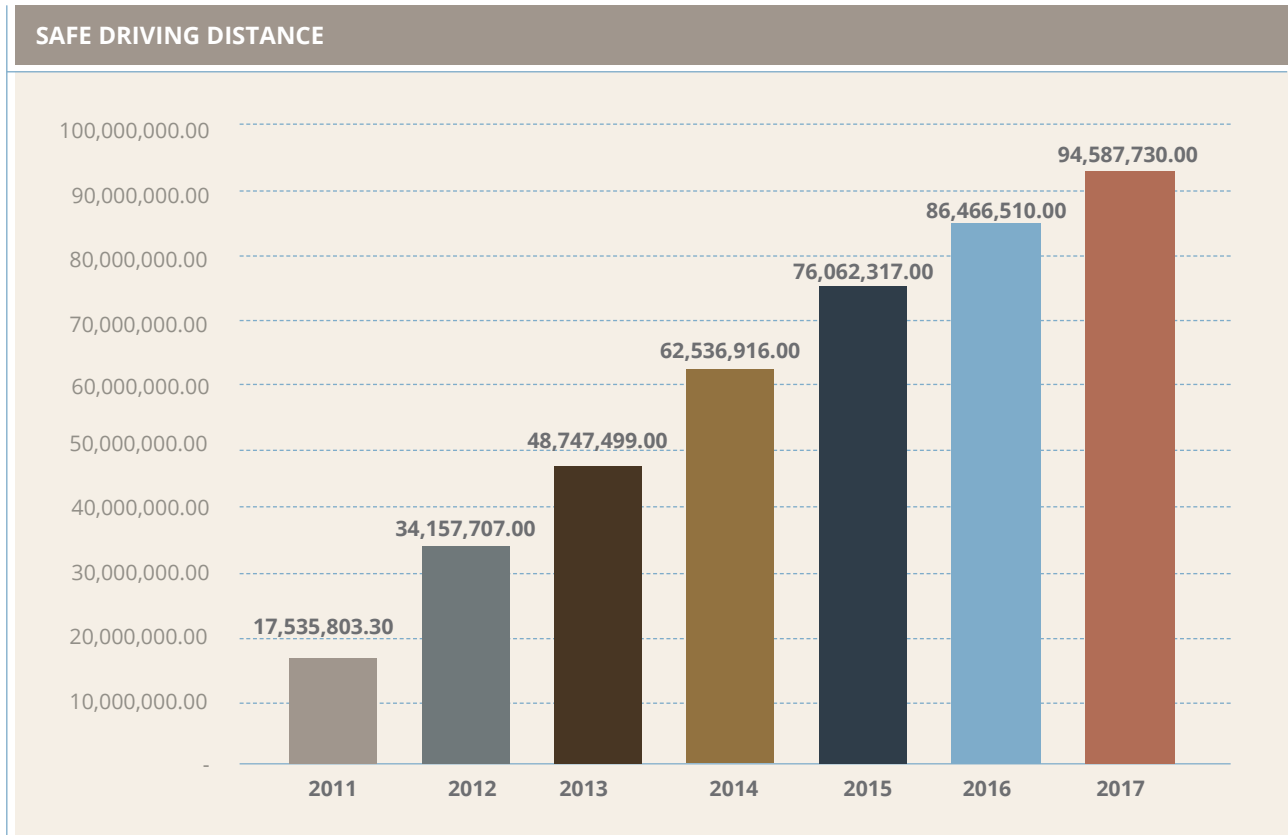
### LTI Frequency

The performance parameter of PGN's LTI Frequency is 2017 is 0.04.



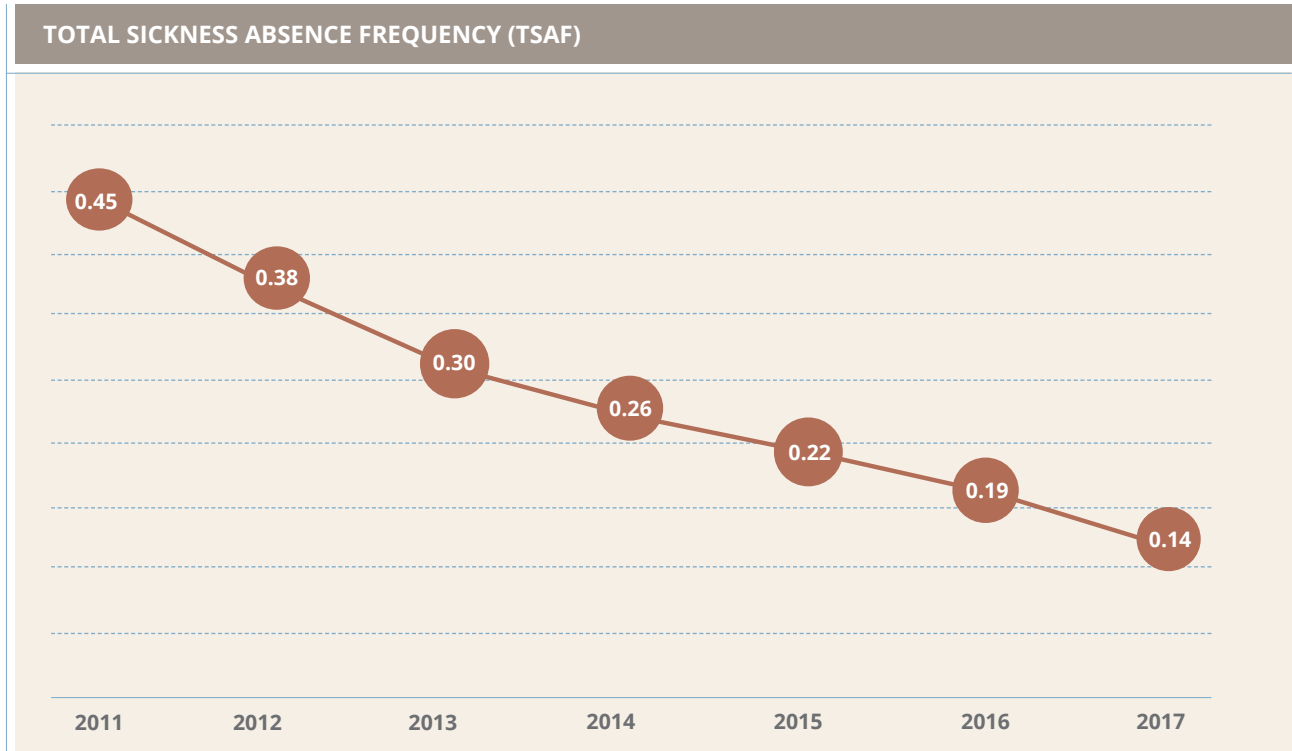
### Safe Driving Distance

In 2017, there had been no severe accident in PGN in general. The safe driving distance has been continuously improving every year.



### Total Sickness Absence Frequency (TSAF)

This parameter measures the level of occupational health, based on the number of employees who have lost their work hours due to sickness. It is the interest of PGN to improve occupational health so that the loss of work hours can be further reduced and the overall productivity of the employees will in turn improve.



### 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.

In order 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 1,447 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 a web-based application called Electronic Medical Record (e-MR) so the data can be checked by the management in real time. e-MR can be accessed by an employee using his/her password so his/her data can be kept confidential.

Wellness Program is an effort made by PGN to prevent degenerative diseases (cardiovascular disease, Diabetes Mellitus, Hypertense). In 2017, 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 2017 and followed by Health Risk Assessment within PGN network and non-network which includes:

- Biological factor (fungus contamination, legionella contamination, and bacterial contamination);
- Chemical factor (carbon monoxide, carbon dioxide, sulfur dioxide, nitrogen dioxide, ammonia, oxidant, formaldehyde, total volatile organic compounds (TVOC), SO<sub>2</sub>, etc.);
- Physics factor (noise, lighting, temperature, humidity, air exchange rate, PM<sub>10</sub>, PM 2.5 ultraviolet, electro-magnetic frequency, etc.);
- Ergonomic factor (Nordic body map discomfort and identification of video display terminal);
- Psycho-social factor (survey diagnostic stress, self-reporting questionnaire, and life event stress questionnaire);
- Examination of drinking water and clean water.

In order to increase the employees' awareness, a health education program was conducted in 2017 with the following details:

1. Health Education with the following themes:
  - Ergonomic Office education roadshow to all work units, which was a follow-up program of HRA to increase the employees' awareness of ergonomic positions which must be adopted in the office to prevent ergonomic hazards;

- Basic first aid which was joined by all work units, for increasing the employees' awareness of the Importance of Comprehension and Competence in First Aid.

2. Providing health education in PGN portal/desktop with the following themes:
  - Identify and Symptoms and Signs of Stroke "SeGeRa Ke RS (Go to the Hospital Immediately)";
  - Diphtheria Virus Immunization. In order to protect the employees and their families from being exposed to Diphtheria virus, the Diphtheria immunization and vaccine booster program was conducted on the employees and their families;
  - Voluntary counseling and HIV testing. PGN supported the government program with a target that 90% of employees would be aware about HIV status in order to break the chain of HIV infection. In 2017, voluntary counseling and HIV testing with blood donation was conducted 2 times with 334 participants. The examination was voluntary and the result was confidential.

### OHS CERTIFICATIONS AND AWARDS IN 2017

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 observing and implementing the occupational health program.

These certifications and awards include the following:

1. PGN Certifications
  - Occupational Health and Safety Management System;
  - Safeguard Management System – Silver 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 – Gold Category for PGN;
- Zero Occupational Accidents Award for the Head Office.



ACTIVITIES EXPENSES

Expenses spent on the activities of managing occupational health and safety throughout 2017 are IDR6,791,840,763.

1  
PERFORMANCE  
OVERVIEW

2  
REPORT TO THE  
SHAREHOLDERS

3  
COMPANY PROFILE

4  
MANAGEMENT DISCUSSION  
AND ANALYSIS

5  
GOOD CORPORATE  
GOVERNANCE

6  
CORPORATE SOCIAL  
RESPONSIBILITY

7  
CONSOLIDATED FINANCIAL  
STATEMENT

8  
REGULATORY  
CROSS REFERENCE

## SOCIAL AND COMMUNITY DEVELOPMENT



### POLICIES

PGN constantly developing various corporate social responsibility programs aimed at empowering the economic potential of the community. This program is part of the company's commitment to be a government solution in improving the welfare of society in a sustainable manner. 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 conservation efforts.

In the framework of the spirit of good energy that prospers the nation, the presence of PGN in the community is more than just an economy driver. PGN has been a boost that brought positive energy to the whole community. This boost includes creating job opportunities, training and education programs, and extending help through corporate social responsibility activities.

PGN's CSR programs consists of Community Development Program and Social and Environmental Responsibility Program (*T/SL*) that is run to improve the quality of community welfare. Since 2015, policy related to the implementation of CSR program both from the internal side of PGN or from the Ministry of State-Owned Enterprises have been changed according to the rules applicable. From the internal side, PGN issued a policy to temporarily discontinuing Partnership Program to reduce the potential trouble in receivables in funding the program. From the external side, there was a change in the policy of implementation of PKBL from the Ministry of State-Owned Enterprises with the issuance of Regulation of Minister of State-Owned Enterprises Number Per-02/MBU/7/2017 dated July 5, 2017 about Second Amendment of Regulation of Minister of State-Owned Enterprises Number Per-09/Mbu/07/2015 on Partnership Program and Community Development Program of State-Owned Enterprises.



Through the development and operation of a gas pipeline network equivalent to 80 percent of downstream natural gas pipelines throughout Indonesia, PGN's efforts to continue increasing national natural gas utilization will be in line with improving living standards of communities surrounding PGN's operations.

Each of the corporate social responsibility programs implemented by PGN always refers to 7 (seven) pillars of PGN CSR, such as: (1) Assistance to the victims of Natural Disaster; (2) Education Assistance; (3) Health Improvement Assistance; (4) Public Facility and Infrastructure Development Assistance; (5) Worship Facility Assistance; (6) Nature Conservation Assistance; (7) Community Social Assistance. Those seven pillars are implemented through three steps, namely: (1) Planning, including the preparation of CSR Roadmap and Social and Stakeholder Mapping; (2) Implementation, including evaluation, survey, and giving assistance; and (3) Reporting periodically.

The commitment of PGN in implementing *TJSL* realized in various activities of CSR where the realization of those activities organized and run by the Corporate Social Responsibility Division.

### THE UNDERTAKEN ACTIVITIES PROGRAM 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 more focused on the current receivable returning process in keep 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 continued to monitor the business continuity of the development partners which had been developed before the policy 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 together take actions and find solutions to resolve their mutual issues.

## Environmental Development Program

### Natural Disaster Assistance

Throughout 2017, 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:

- Food package and health services for the victims of flood in Kuningan, West Java; Solok, West Sumatra; D.I. Yogyakarta and Pacitan, East Java;
- Mount Agung eruption disaster relief in Karang Asem, Bali;
- Mount Sinabung eruption disaster relief in North Sumatra;
- Disaster relief for an earthquake in Pidi, Aceh;
- Clean Water Supply Program in Gunung Kidul area.

### Educational and/or Training Support

PGN has been paying great attention to education. Education assistance provided by PGN in 2007, among others, as follows:

- Dispatching young teachers in the Assistance Program for 31 Elementary Schools in Musi Banyuasin Regency, Muara Enim Regency, and Tulang Bawang Barat Regency;
- Providing Education Assistance to 1,125 college students originating from fifteen state universities in Indonesia;
- PGN Innovation Camp Program organized with Yayasan Karya Salemba Empat. This event was a training in the form of competition for 143 awardees of PGN's educational support with appropriate creation and events regarding community empowerment;
- Program of establishing a Library Room;
- Extending help in laboratory procurement
- Biography of Successful People (BOS) Comic Book Printing Program;
- Students Know Archipelago Program, a High School student exchange program to know about each other's culture, economy, and education held in Lampung.

### Medical Facility Support

In the health sector, PGN has carried out the following programs:

- Public Health Services through ten PGN Health Cars that cover pregnancy checkup, supplement provision for pregnant women, contraception services, basic general and dental health services, health services for toddlers, and additional food provision for kids and toddlers in PGN's operational areas. This event was held in Medan, Batam, South Sumatra, Lampung, Banten, Greater Jakarta, West Java, and East Java;
- Blood Donation event for PGN Employees;
- Public Bathing, Washing, and Toilet Facility for sanitation in Indragiri Hulu Village.

### Infrastructure Development and/or Public Facility Support

During 2017, events held in facility and infrastructure were as follows:

- Renovation support for 45 veteran houses;
- Banten Bridge Establishment Program;
- Clean Water Program in eight villages: Transad Bandar Agung & Sriminosari in Lampung; MlatiBaru in Semarang; Krukut in Greater Jakarta; Karang Tengah in Banten; Village 1 & Village 4 Pagar Dewa in South Sumatera; & Village 3 Hurip Jaya in East Java;
- Establishment, Mentoring, and Development of Village Economy Hall (Balkondes) and Homestay in Karangrejo village, Magelang, Central Java;
- Revitalization of Tasikardi Site.

### Worship Place Support

In 2017, PGN extended support for worship place, among others:

- Support for establishment and renovation of worship places religious support facility;
- Religious events such as donation for orphans, the poor, and religious support event related to religious holidays;
- Qurban animal donation for Ied Al-Adha 1438 H. Donation was given to community in PGN's operational areas.

### Nature Conservation Support

In natural conservation, PGN has extended the following support:

- Arboretum Commission for Pagar Dewa Station and Taman Keanekaragaman Hayati in Bedegung Waterfall Tourism Area Muara Enim Regency, South Sumatra Province in collaboration with PKSPL IPB;
- Program of Planting 96,314 plants of various types in the company's several operational areas;
- Watershed Rehabilitation Program in Muara Enim, Musi Banyu Asin and Ogan Regency, South Sumatra;
- Amphitheatre building program in RPTRA Warakas, Tanjung Priok, North Jakarta.

### Social Community Support for Poverty Alleviation

In participating in poverty alleviation, PGN has supported several Village Development establishment in four operational areas of the company, such as:

- Sriminosari Village, Lampung;
- Teluk Terate Village, Banten;
- Pagardewa Village, Muara Enim – South Sumatera;
- Tembesi Subdistrict, Panaran – Batam.

Training activities for empowering the community as follows:

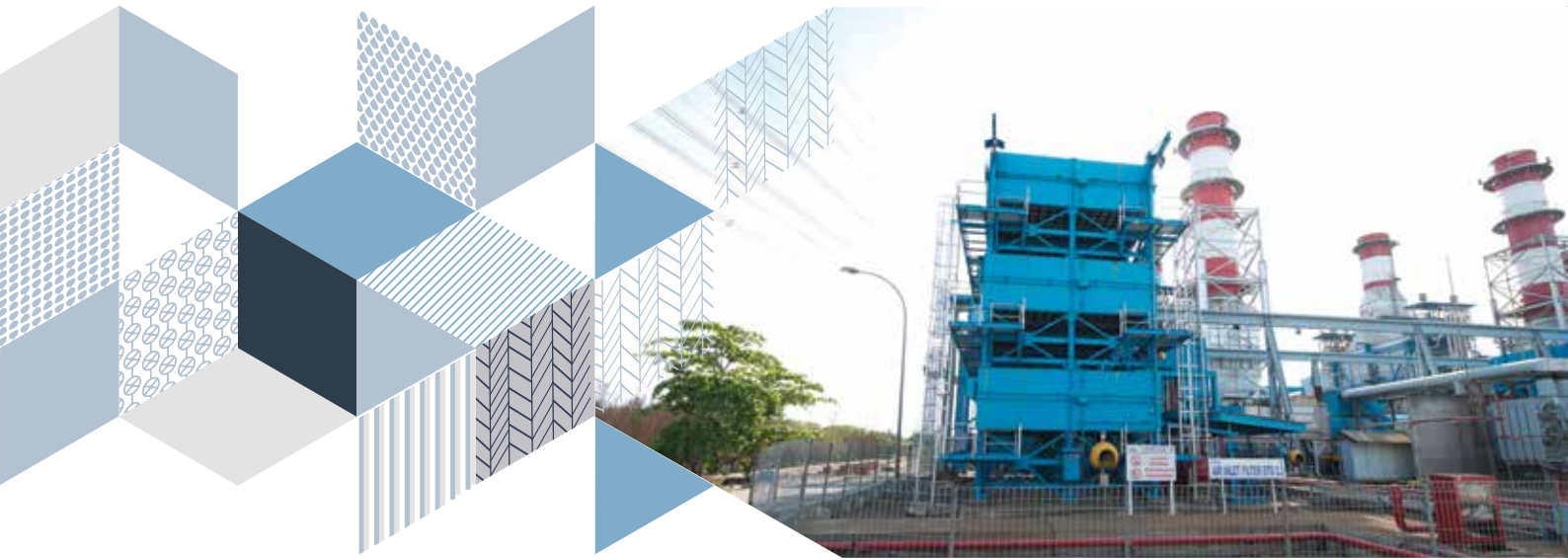
- Training and development assistance for weavers community in Garut;
- Assistance Program for Assisted Villages in Panaran Station, Pagardewa, Labuhan Maringgai, and Bojonegara.

### ACTIVITIES EXPENSES

The expenses on the CSR Programs and Environmental Development Programs, either from the company's cost or from the 2017 profit allocation, of amount IDR90,732,562,870.

REALIZATION OF THE CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES PROGRAM IN 2017					
DESCRIPTION	CSR	PARTNERSHIP AND ENVIRONMENTAL DEVELOPMENT PROGRAM			TOTAL
		The Company's Cost	Profit Allocation	Total	
<b>ENVIRONMENTAL DEVELOPMENT PROGRAM</b>					
Relief for Natural Disaster Victims	647,245,597	612,246,095	900,000,000	1,512,246,095	2,159,491,692
Assistances on Education and/or Training	3,260,429,200	12,815,454,121	1,029,003,855	13,844,458,006	17,104,887,176
Assistances on Health Improvement	19,465,395,216	4,500,507,694	0	4,500,507,694	23,965,902,910
Assistances on the Infrastructure and/or Public Facilities Development	1,547,317,721	8,871,321,744	299,355,387	9,170,677,131	10,717,994,852
Worship Facilities Assistances	5,738,388,998	13,969,004,762	706,078,000	14,675,082,762	20,413,471,760
Natural Conservation Support	1,003,508,812	1,033,072,433	357,470,000	1,390,542,433	2,394,051,245
Assistances in the Poverty Alleviation	985,261,061	11,691,225,174	311,901,000	12,003,126,174	12,988,387,235
Mentoring Assistance for Development Partners	0	988,376,000	0	988,376,000	988,376,000
<b>Total Realization of Environmental Development Program</b>	<b>32,647,546,605</b>	<b>54,481,208,023</b>	<b>3,603,808,242</b>	<b>57,096,640,295</b>	<b>90,732,562,870</b>

## PRODUCT AND CONSUMER 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 2017, 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 2017

Throughout 2017, PGN has conducted the following prime service programs for the customers, as follows:

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](mailto: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 is committed to consider customer satisfaction to be a form of fundamental and important service. Prime service from PGN has been highly appreciated by the customers. The achievement of customer satisfaction index in 2017 was higher than in 2016, to 5.48 out of 6.00 scale.

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 2017, there were 6,385 complaints in which overall for all the complaints were able to be handled and solved less than 24 hours.

2. Measurement of Customer Satisfaction  
PGN has been consistently measuring customer satisfaction in order to identify the consistency of the company's performance at every chance it interacts with the customers and has been continuing to be self-aware in respect of the change in the customers' expectation and needs. In 2017, PGN measured customer satisfaction through a survey performed by an independent party. In this 2017 measurement was found various problems, suggestions, and expectations from the customers which will be a valuable feedbacks for PGN to continue providing the best service and improve its service performance. In 2017, the scoring scale of customer satisfaction was emphasized on the satisfaction and loyalty aspects. The customer satisfaction was conducted on all segments of customers, such as household, commercial, and industrial customers. Based on the result of the research conducted in 2017, the Customer Satisfaction Index (CSI) was able to be identified to be 5.48, increased from the previous year of 5.37 (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	Hall of Rusunawa Sukapura	March 16, 2017
		Hall of Rusunawa Marunda	March 24, 2017
		Culture Park of Sentul City	August 9, 2017
		Sentra Senayan 1 Building	September 14, 2017
		Multipurpose Room of Mall Citraland	September 19, 2017
		Hall of GSG PPRSK Klender Jl. Dahlia Malaka Jaya Jakarta Timur	September 20, 2017
		GSG Rusun Tzu Tchi	September 26, 2017
		Multipurpose Room of Epiwalk	October 5, 2017
		Multipurpose Room of Plaza Festival	October 5, 2017
		Multipurpose Room of Mall Central Park	October 10, 2017
		Multipurpose Room of Mall Bassura City	October 12, 2017
		Multipurpose Room of Mall of Indonesia	October 19, 2017
		Multipurpose Room of Mall Pluit Village	October 31, 2017
2.	Tangerang	Pulo Saiji Water Adventure	October 28, 2017
3.	Bekasi	Holiday Inn Cikarang	June 8, 2017 November 22, 2017
		Hotel Mercure Karawang	June 13, 2017
4.	Karawang	Kota Bukit Indah Plaza Hotel	November 15, 2017
		Lapangan Perum Bojong Depok Baru 2 RW 16	April 23, 2017
5.	Bogor	The Mirah Bogor	June 14, 2017
		Pramuka Island	September 23, 2017
		Bogor Raya	November 15, 2017
		IICC Botani Square	November 30, 2017
		Hotel Prima	September 25, 2017
7.	Palembang	Hotel Novotel	December 7, 2017
8.	Lampung	Pahawang Beach	September 10, 2017
9.	Cilegon	Din Tai Fung World Trade Center	October 20, 2017

**CUSTOMER GATHERING ACTIVITIES**

No.	Area	Place	Date
10	Surabaya	Empire Palace	February 23, 2017
		Hotel Shangrilla	June 19, 2017
		Kodam Futsal Field	September 12, 2017
		SIER Surabaya Futsal Field	November 30, 2017
11	Sidoarjo	Hotel Sheraton Surabaya	Fberuary 23, 2017
		Hotel Shangrilla Surabaya	July 10, 2017
12	Pasuruan	Empire Palace	February 23, 2017
		Hotel Shangrilla Surabaya	June 19, 2017
		Graha Internasional Al Abyadh Futsal Field	September 24, 2017
13	Semarang	Melati Baru Sub-District	June 15, 2017
14	Medan	Patra Jasa Hotel Parapat	July 29-30, 2017
		Wahyu Utomo Housing Complex	October 25, 2017
15	Pekanbaru	Royale Jakarta	November 17, 2017
16	Batam	M United Batam Center	August 18-19, 2017
		Grand i Hotel Nagoya	August 29, 2017
		SP Batu Aji Batam Field	September 17, 2017
		MV Sea View Barelang Jembatan 2	September 26, 2017

## 4. "PGN Sayang Ibu"

Since 2014, PGN has been launched the "PGN Sayang Ibu" Program aimed to support the government programs in converting imported oil fuel to gas. In addition, PGN also synergized with the Ministry of ESDM to operate gas networks which had been constructed in the previous years. During 2017, the number of household customers served by PGN was 196,129, consist of 116,736 customers through the Program PGN Loves Mother and 73.939 customers through a network of natural gas distributions that synergizes with the Ministry of ESDM.

## 5. Promotional Programs

In the context of introducing 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 2017:

- Socialitation of information on premium customer gas subscription;
- Socialitation of information at the Investor Gathering Krakatau Industrial Estate Cilegon;

- Keramika Exhibition in 2017;
- Promotion at Jakarta Great Sale Festival 2017;
- Dissemination of information at the National Work Meeting XVIII of the Association of Indonesian Industrial Estates;
- Socialization of information on new sources of gas for East Java customers;
- Indonesia Future City and Real Estate Mega Expo 2017 Exhibition in 2017;
- The 72<sup>nd</sup> National Electricity Day Exhibition in 2017.

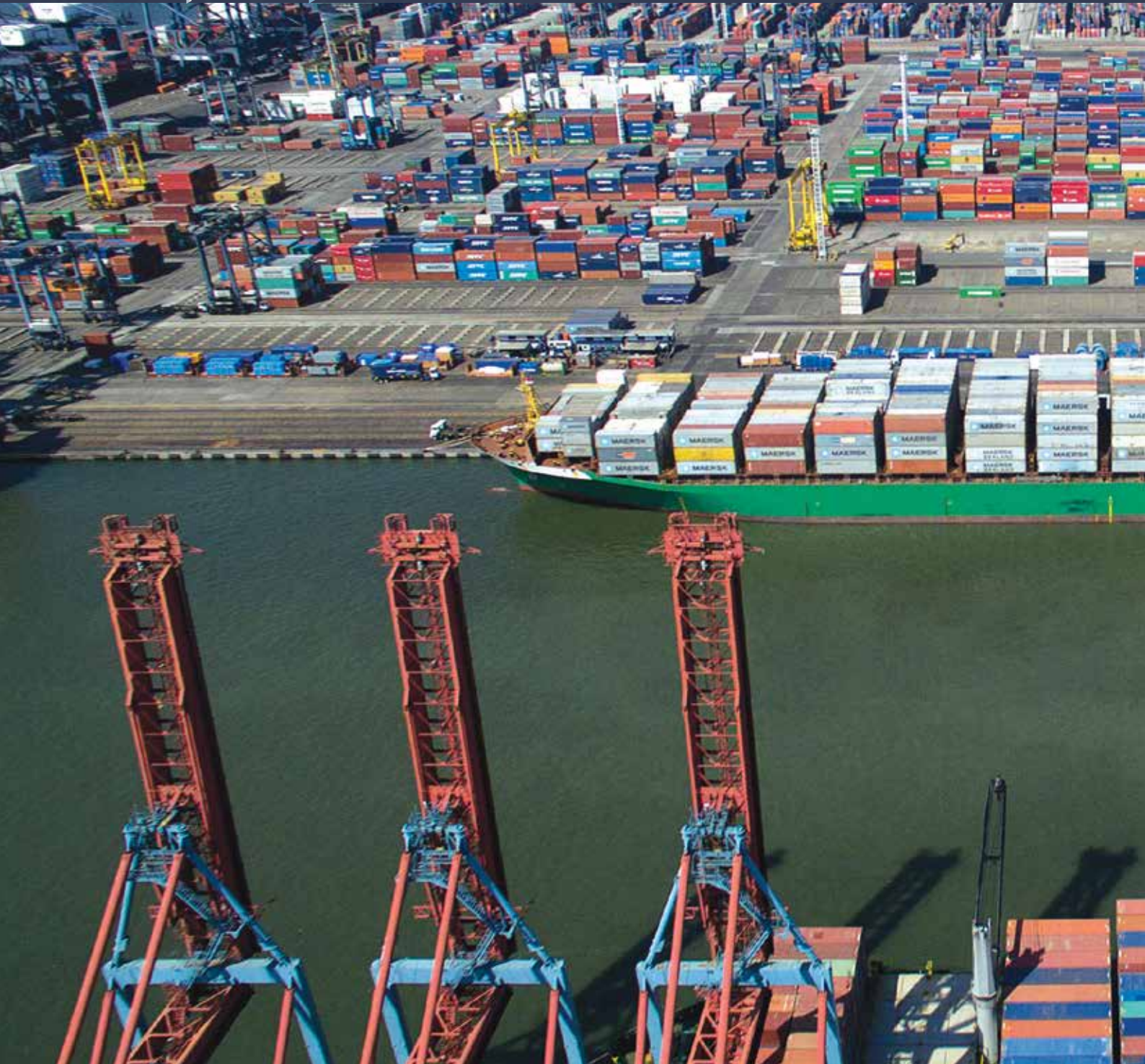
**ACTIVITIES EXPENSES**

PGN has been continuously upgrading the Service Excellence standars 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 IDR5,006,158,325 in 2017.



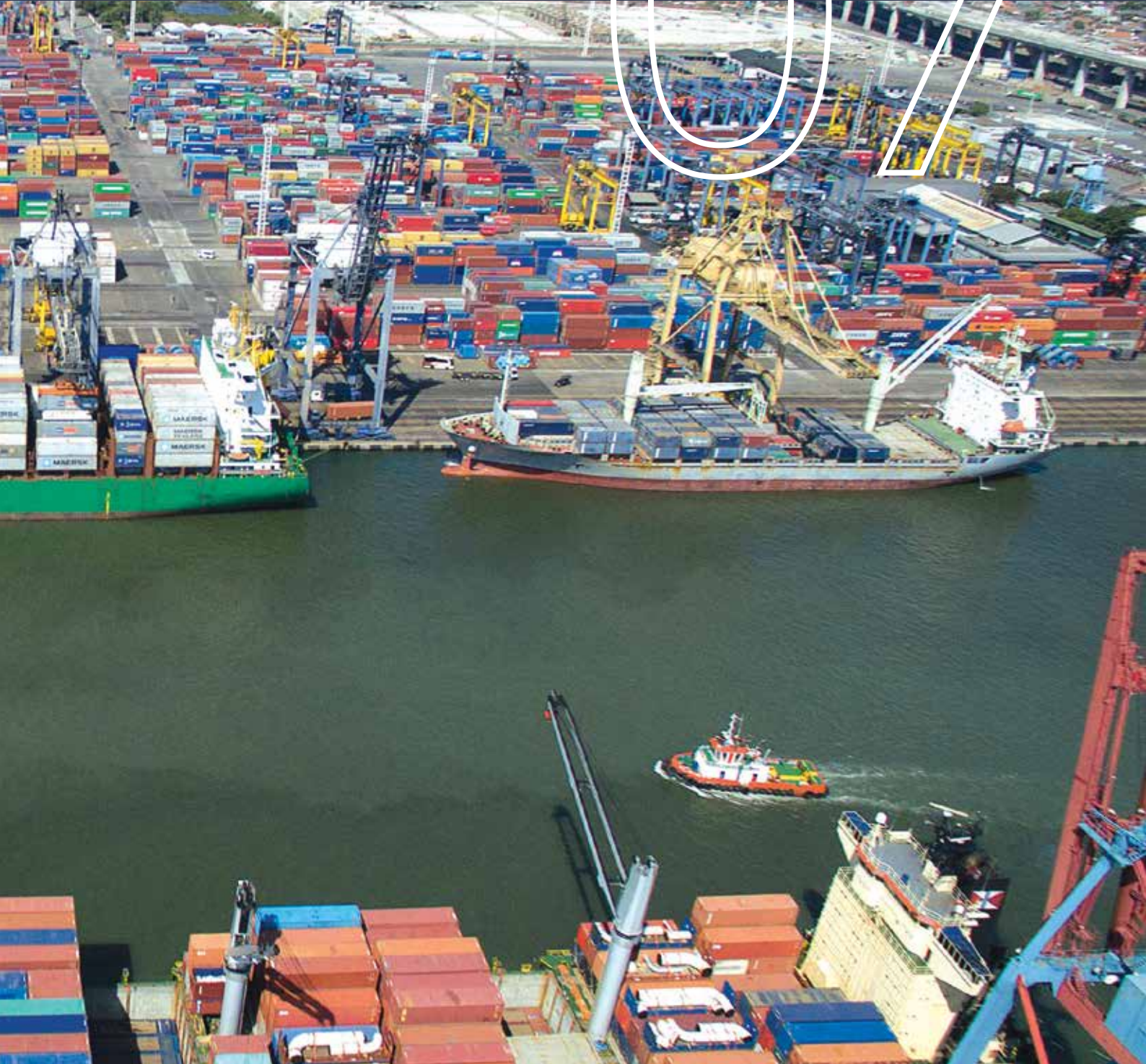






**Indonesian trade develop.** Deregulation and reform of the bureaucracy, became one of the efforts to improve the ease of investing in Indonesia.

07



**CONSOLIDATED FINANCIAL  
STATEMENT**



**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**LAPORAN KEUANGAN KONSOLIDASIAN/  
*CONSOLIDATED FINANCIAL STATEMENTS***

**31 DESEMBER 2017 DAN 2016/  
*DECEMBER 31, 2017 AND 2016***



**Surat pernyataan direksi tentang tanggung jawab atas laporan keuangan konsolidasian tanggal 31 Desember 2017 dan 31 Desember 2016 PT Perusahaan Gas Negara (Persero) Tbk dan Entitas Anak**

**Directors statement letter relating to the responsibility on the consolidated financial statements as of December 31, 2017 and December 31, 2016 PT Perusahaan Gas Negara (Persero) 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  | : Jobi Triananda Hasjim  | : | Name 1.  |
| Alamat Kantor  | : Jl. K.H. Zainul Arifin No.20, Jakarta  | : | Address  |
| Alamat Domisili (sesuai KTP atau kartu identitas lain) | : KAV DKI Blok V No 5<br>RT 005/001, Kel. Meruya Utara<br>Kembangan, Jakarta Barat | : | Residential Address<br>(as in identity card or other<br>qualifier) |
| Nomor Telepon  | : +6221 633 9524   | : | Telephone  |
| Jabatan  | : Direktur Utama/President Director  | : | Title  |
| 2. Nama  | : Nusantara Suyono   | : | Name 2.  |
| Alamat Kantor  | : Jl. K.H. Zainul Arifin No.20, Jakarta  | : | Address  |
| Alamat Domisili (sesuai KTP atau kartu identitas lain) | : Jl. Pos Pengumben No. 18<br>RT 001/006, Kelapa Dua<br>Kebon Jeruk, Jakarta Barat | : | Residential Address<br>(as in identity card or other<br>qualifier) |
| Nomor Telepon  | : +6221 633 4838   | : | Telephone  |
| Jabatan  | : Direktur Keuangan/Finance Director   | : | Title  |

Menyatakan bahwa:

Declare that:

- |  |  |
|--|--|
| 1. Bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian;   | 1. We are responsible for the preparation and the presentation of the consolidated financial statements;   |
| 2. Laporan keuangan konsolidasian telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia; dan   | 2. The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards; and            |
| a. Semua informasi dalam laporan keuangan konsolidasian Perusahaan telah dimuat secara lengkap dan benar;  | a. All information has been fully and correctly disclosed in the Company's consolidated financial statements;  |
| b. Laporan keuangan konsolidasian Perusahaan tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material. | b. The Company's consolidated financial statements do not contain false material information or facts, nor do they omit material information or facts. |
| 3. Bertanggung jawab atas sistem pengendalian intern Perusahaan dan Entitas Anak.  | 3. We are responsible for the Company's and Subsidiaries' internal control system.   |

Demikian pernyataan ini dibuat dengan sebenarnya.

This is our declaration, which has been made truthfully.

Jakarta, 28 Februari 2018

Direktur Utama/President Director

Direktur Keuangan/Finance Director

Jobi Triananda Hasjim

Nusantara Suyono





**LAPORAN AUDITOR INDEPENDEN  
KEPADA PARA PEMEGANG SAHAM**

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF**

**PT PERUSAHAAN GAS NEGARA (PERSERO) Tbk.**

Kami telah mengaudit laporan keuangan konsolidasian PT Perusahaan Gas Negara (Persero) Tbk. dan entitas anak terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2017, 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.

**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.

**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.

*We have audited the accompanying consolidated financial statements of PT Perusahaan Gas Negara (Persero) Tbk. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2017 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.*

**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.*

**Auditor's 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**

Plaza 89, Jl. H.R. Rasuna Said Kav. X-7 No.6 Jakarta 12940 - INDONESIA, P.O. Box 2473 JKP 10001  
T: +62 21 5212901, F: + 62 21 52905555 / 52905050, [www.pwc.com/id](http://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 (Persero) Tbk. dan entitas anak tanggal 31 Desember 2017, 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 auditor's 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 auditor considers 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 (Persero) Tbk. and its subsidiaries as at December 31, 2017, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.*

JAKARTA  
28 Februari/February 2018

**Yusron, S.E., Ak., CPA**

Surat Izin Akuntan Publik/License of Public Accountant No. AP.0243



PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
DAN ENTITAS ANAK/AND SUBSIDIARIES

Halaman 1/1 Page

LAPORAN POSISI KEUANGAN  
KONSOLIDASIAN  
31 DESEMBER 2017 DAN 2016(Dinyatakan dalam Dolar Amerika Serikat,  
kecuali nilai nominal dan data saham)CONSOLIDATED  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016(Expressed in United States Dollar,  
except for par value and share data)

	Catatan/ Notes	2017	2016	
<b>ASET</b>				<b>ASSETS</b>
<b>ASET LANCAR</b>				<b>CURRENT ASSETS</b>
Kas dan setara kas	5a	1,026,328,911	1,304,043,250	Cash and cash equivalents
Kas yang dibatasi penggunaannya	5b	29,752,000	-	Restricted cash
Investasi jangka pendek	6	70,663,096	68,832,771	Short-term investments
Piutang usaha	7			Trade receivables
- Pihak berelasi		144,552,889	110,001,213	Related parties -
- Pihak ketiga		195,108,274	211,163,487	Third parties -
Piutang lain-lain	8	189,639,392	234,041,757	Other receivables
Persediaan	9	60,820,710	65,293,227	Inventories
Uang muka	10	66,750,638	97,034,964	Advances
Beban dibayar di muka	11	24,432,083	34,263,560	Prepaid expenses
Total aset lancar		1,808,047,993	2,124,674,229	Total current assets
<b>ASET TIDAK LANCAR</b>				<b>NON-CURRENT ASSETS</b>
Piutang usaha	7			Trade receivables
- Pihak berelasi		208,907,752	222,589,494	Related parties -
- Pihak ketiga		200,775	52,609	Third parties -
Piutang lain-lain				Other long-term receivables
Uang muka, bagian tidak lancar	10	41,907,478	60,507,887	Advances, non-current portion
Beban dibayar di muka, bagian tidak lancar	11	13,644,137	-	Prepaid expenses, non-current portion
Penyertaan saham	13	386,402,243	427,438,815	Investment in shares of stock
Aset tetap	14	1,706,413,816	1,828,630,994	Fixed assets
Aset eksplorasi dan evaluasi	15a	76,779,800	52,594,652	Exploration and evaluation assets
Properti minyak dan gas	15b	1,594,911,817	1,708,665,674	Oil and gas properties
Goodwill dan aset tak berwujud lainnya	16	4,235,907	4,627,160	Goodwill and other intangible assets
Taksiran tagihan pajak	22a			Estimated claims for tax refund
- Pajak penghasilan		72,334,317	20,779,992	Income taxes -
- Pajak lain-lain		82,818,105	73,485,563	Other taxes -
Aset pajak tangguhan	22d	63,272,391	77,050,565	Deferred tax assets
Lain-lain		5,305,650	5,042,289	Others
Total aset tidak lancar		4,485,080,998	4,709,478,739	Total non-current assets
<b>TOTAL ASET</b>		<b>6,293,128,991</b>	<b>6,834,152,968</b>	<b>TOTAL ASSETS</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini.

The accompanying notes form an integral part of these consolidated financial statements.

1  
PERFORMANCE  
OVERVIEW2  
REPORT TO THE  
SHAREHOLDERS3  
COMPANY PROFILE4  
MANAGEMENT DISCUSSION  
AND ANALYSIS5  
GOOD CORPORATE  
GOVERNANCE6  
CORPORATE SOCIAL  
RESPONSIBILITY7  
CONSOLIDATED FINANCIAL  
STATEMENT8  
REGULATORY  
CROSS REFERENCE

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
DAN ENTITAS ANAK/AND SUBSIDIARIES**

Halaman 1/2 Page

**LAPORAN POSISI KEUANGAN  
KONSOLIDASIAN  
31 DESEMBER 2017 DAN 2016**

(Dinyatakan dalam Dolar Amerika Serikat,  
kecuali nilai nominal dan data saham)

**CONSOLIDATED  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016**

(Expressed in United States Dollar,  
except for par value and share data)

	<u>Catatan/ Notes</u>	<u>2017</u>	<u>2016</u>	
<b>LIABILITAS</b>				<b>LIABILITIES</b>
<b>LIABILITAS JANGKA PENDEK</b>				<b>SHORT-TERM LIABILITIES</b>
Utang usaha	17			Trade payables
- Pihak berelasi		25,495,995	25,605,442	Related parties -
- Pihak ketiga		69,685,084	86,154,305	Third parties -
Utang lain-lain	18	94,494,730	107,408,420	Other payables
Liabilitas yang masih harus dibayar	19	192,011,051	231,197,395	Accrued liabilities
Pinjaman bank jangka pendek	20b	-	100,000,000	Short-term bank loans
Bagian jangka pendek dari pinjaman bank jangka panjang	20a	22,857,361	170,987,760	Short-term portion of long-term bank loans
Utang pajak	22b			Taxes payable
- Pajak penghasilan		23,231,565	29,342,932	Income taxes -
- Pajak lain-lain		8,426,731	13,348,181	Other taxes -
Liabilitas imbalan kerja jangka pendek	23	<u>30,458,551</u>	<u>51,327,452</u>	Short-term employee benefits liabilities
Total liabilitas jangka pendek		<u>466,661,068</u>	<u>815,371,887</u>	Total current liabilities
<b>LIABILITAS JANGKA PANJANG</b>				<b>LONG-TERM LIABILITIES</b>
Utang derivatif	25	5,083,381	8,828,746	Derivative payable
Pinjaman bank jangka panjang	20a	413,732,667	1,296,315,710	Long-term bank loans
Utang obligasi	21	1,955,926,183	1,335,343,701	Bonds payables
Liabilitas pajak tanggungan	22d	123,528,183	84,645,847	Deferred tax liabilities
Liabilitas pembongkaran aset dan restorasi area	24	30,719,863	26,306,310	Asset abandonment and site restoration obligations
Liabilitas imbalan pascakerja	23	107,988,742	94,370,721	Post-employment benefits obligation
Pendapatan diterima di muka		<u>2,576,025</u>	<u>2,776,712</u>	Unearned income
Total liabilitas jangka panjang		<u>2,639,555,044</u>	<u>2,848,587,747</u>	Total non-current liabilities
<b>TOTAL LIABILITAS</b>		<u><b>3,106,216,112</b></u>	<u><b>3,663,959,634</b></u>	<b>TOTAL LIABILITIES</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini.

The accompanying notes form an integral part of these consolidated financial statements.

PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
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LAPORAN POSISI KEUANGAN  
KONSOLIDASIAN  
31 DESEMBER 2017 DAN 2016(Dinyatakan dalam Dolar Amerika Serikat,  
kecuali nilai nominal dan data saham)CONSOLIDATED  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016(Expressed in United States Dollar,  
except for par value and share data)

	Catatan/ Notes	2017	2016	
<b>EKUITAS</b>				<b>EQUITY</b>
<b>Ekuitas yang dapat diatribusikan kepada pemilik entitas induk</b>				<b>Equity attributable to owners of the parent</b>
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>Authorised - 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	26a	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>
Modal disetor lainnya	26b	284,339,313	284,339,313	<i>Other paid-in capital</i>
Saldo laba				<i>Retained earnings</i>
Dicadangkan		2,427,854,334	2,576,863,351	<i>Appropriated</i>
Tidak dicadangkan		143,146,347	(12,289,093)	<i>Unappropriated</i>
Komponen ekuitas lainnya		(31,207,882)	(29,757,693)	<i>Other components of equity</i>
Total ekuitas yang dapat diatribusikan kepada pemilik entitas induk		<u>3,168,150,943</u>	<u>3,163,174,709</u>	<i>Total equity attributable to owners of the parent</i>
Kepentingan nonpengendali	27	<u>18,761,936</u>	<u>7,018,625</u>	<i>Non-controlling interests</i>
<b>TOTAL EKUITAS</b>		<b><u>3,186,912,879</u></b>	<b><u>3,170,193,334</u></b>	<b>TOTAL EQUITY</b>
<b>TOTAL LIABILITAS DAN EKUITAS</b>		<b><u>6,293,128,991</u></b>	<b><u>6,834,152,968</u></b>	<b>TOTAL LIABILITIES AND EQUITY</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini.

The accompanying notes form an integral part of these consolidated financial statements.

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**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
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**LAPORAN LABA RUGI DAN PENGHASILAN  
KOMPREHENSIF LAIN KONSOLIDASIAN  
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA  
31 DESEMBER 2017 DAN 2016**

(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, 2017 AND 2016**

(Expressed in United States Dollar,  
except earnings per share)

	<u>Catatan/ Notes</u>	<u>2017</u>	<u>2016</u>	
<b>PENDAPATAN NETO</b>	29	2,969,591,811	2,934,778,710	<b>NET REVENUES</b>
<b>BEBAN POKOK PENDAPATAN</b>	30	<u>(2,172,360,007)</u>	<u>(2,047,838,771)</u>	<b>COST OF REVENUES</b>
<b>LABA BRUTO</b>		<b><u>797,231,804</u></b>	<b><u>886,939,939</u></b>	<b>GROSS PROFIT</b>
Beban distribusi dan transmisi	31	(237,150,171)	(220,401,617)	<i>Distribution and transmission expense</i>
Beban umum dan administrasi Pemulihan/(penurunan) nilai properti minyak dan gas	32	(202,506,628)	(234,003,179)	<i>General and administrative expense Impairment reversal/(losses) of oil and gas properties</i>
Beban lain-lain	15b	7,031,618	(37,201,328)	<i>Others expenses</i>
Pendapatan lain-lain	34b	(24,463,130)	(13,217,928)	<i>Other income</i>
	34a	<u>36,872,991</u>	<u>62,126,336</u>	
<b>LABA OPERASI</b>		<b><u>377,016,484</u></b>	<b><u>444,242,223</u></b>	<b>OPERATING INCOME</b>
Beban keuangan	33a	(147,175,165)	(132,404,898)	<i>Finance cost</i>
Pendapatan keuangan	33b	17,313,232	17,838,004	<i>Finance income</i>
Rugi selisih kurs	34c	(7,404,933)	(5,120,175)	<i>Loss on foreign exchange</i>
Rugi perubahan nilai wajar derivatif	25	(2,660,198)	(4,526,823)	<i>Loss on change in fair value of derivatives</i>
Keuntungan dari pembelian dengan diskon	4a	-	7,243,369	<i>Gain on bargain purchase</i>
Bagian laba dari ventura bersama	13b	<u>38,460,602</u>	<u>57,713,446</u>	<i>Share in profit of joint ventures</i>
<b>LABA SEBELUM BEBAN PAJAK PENGHASILAN</b>		<b><u>275,550,022</u></b>	<b><u>384,985,146</u></b>	<b>PROFIT BEFORE INCOME TAX EXPENSE</b>
<b>BEBAN PAJAK PENGHASILAN</b>	22c			<b>INCOME TAX EXPENSE</b>
Kini		(74,599,074)	(97,283,302)	<i>Current</i>
Tangguhan		<u>(53,166,937)</u>	<u>20,882,072</u>	<i>Deferred</i>
Beban pajak penghasilan		<u>(127,766,011)</u>	<u>(76,401,230)</u>	<i>Income tax expenses</i>
<b>LABA TAHUN BERJALAN</b>		<b><u>147,784,011</u></b>	<b><u>308,583,916</u></b>	<b>PROFIT FOR THE YEAR</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini.

The accompanying notes form an integral part of these consolidated financial statements.

PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
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**LAPORAN LABA RUGI DAN PENGHASILAN  
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UNTUK TAHUN-TAHUN YANG BERAKHIR PADA  
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**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
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(Expressed in United States Dollar,  
except earnings per share)

	<u>Catatan/ Notes</u>	<u>2017</u>	<u>2016</u>	
<b>PENGHASILAN KOMPREHENSIF LAIN</b>				<b>OTHER COMPREHENSIVE INCOME</b>
<b>Pos-pos yang tidak akan direklasifikasi ke laba rugi</b>				<b>Item that will not be reclassified to profit or loss</b>
Pengukuran kembali liabilitas imbalan pascakerja	23	(6,326,250)	2,423,979	Remeasurement of post- employment obligation
Pajak penghasilan terkait		<u>506,427</u>	<u>(565,677)</u>	Related income tax
		<u>(5,819,823)</u>	<u>1,858,302</u>	
<b>Pos-pos yang akan direklasifikasikan ke laba rugi</b>				<b>Items that will be reclassified to profit or loss</b>
Perubahan nilai wajar aset keuangan tersedia untuk dijual	6	1,833,180	3,921,377	Changes in fair value of available-for-sale financial assets
Selisih kurs karena penjabaran laporan keuangan entitas anak, setelah pajak		<u>2,461,412</u>	<u>885,148</u>	Difference in foreign currency translation of subsidiaries' financial statements, net of tax
		<u>4,294,592</u>	<u>4,806,525</u>	
<b>JUMLAH PENGHASILAN KOMPREHENSIF LAIN</b>		<u>(1,525,231)</u>	<u>6,664,827</u>	<b>TOTAL OTHER COMPREHENSIVE INCOME</b>
<b>TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN</b>		<u><u>146,258,780</u></u>	<u><u>315,248,743</u></u>	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>
<b>LABA TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:</b>				<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>
Pemilik entitas induk		143,146,347	304,324,421	Owners of the parent entity
Kepentingan nonpengendali	27	<u>4,637,664</u>	<u>4,259,495</u>	Non-controlling interests
		<u>147,784,011</u>	<u>308,583,916</u>	
<b>TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:</b>				<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>
Pemilik entitas induk		141,696,158	310,669,477	Owners of the parent entity
Kepentingan nonpengendali	27	<u>4,562,622</u>	<u>4,579,266</u>	Non-controlling interests
		<u>146,258,780</u>	<u>315,248,743</u>	
<b>LABA BERSIH PER SAHAM - DASAR DAN DILUSIAN</b>	35	<u><u>0.006</u></u>	<u><u>0.013</u></u>	<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini.

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**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
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**LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN  
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA  
31 DESEMBER 2017 DAN 2016**

(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED  
DECEMBER 31, 2017 AND 2016**  
(Expressed in United States Dollar, unless otherwise stated)

	Ekuitas yang dapat diatribusikan kepada pemilik entitas induk/Equity attributable to owners of the parent										Jumlah ekuitas/ Total equity			
	Komponen ekuitas lainnya/ Other components of equity					Perubahan								
	Selisih kurs karena penjabaran laporan keuangan entitas anak/ Difference in foreign currency translation of subsidiaries financial statement	Saldo laba/ Retained earnings	Modal disetor lainnya/ Other paid in capital	Saham treasury/ Treasury stocks	Keuntungan/ (kerugian) aktuarial/ Actuarial gain/(loss)	Changes in fair value of available- for-sale financial asset	Total komponen ekuitas lainnya/ Total other components of equity	Keuntungan non pengendali/ Non- controlling interests	Sale of treasury stocks	Profit for the year	Other comprehensive income for the year	Payment of dividends		
Saldo 1 Januari 2016	344,018,831	251,054	284,339,313	2,343,765,418	84,586,366	(19,299,381)	(14,910,796)	(1,892,572)	(36,102,749)	2,447,929	3,022,804,054	2,447,929	251,054	308,583,916
Penjualan saham treasury	-	251,054	-	-	-	-	-	-	-	-	-	-	-	-
Total laba tahun berjalan	-	-	-	-	304,324,421	-	-	-	-	-	4,259,495	-	-	-
Pendapatan komprehensif lain tahun berjalan	-	-	-	-	885,148	-	1,538,531	3,921,377	6,345,056	319,771	6,664,827	-	-	-
Pembayaran dividen	-	-	-	-	(168,101,947)	-	-	-	-	(8,570)	(168,110,517)	-	-	-
Penyisihan cadangan umum	-	-	-	-	233,097,933	(233,097,933)	-	-	-	-	-	-	-	-
<b>Saldo 31 Desember 2016</b>	<b>344,018,831</b>	<b>(251,054)</b>	<b>284,339,313</b>	<b>2,576,863,351</b>	<b>(12,289,093)</b>	<b>(18,414,233)</b>	<b>(13,372,265)</b>	<b>2,028,805</b>	<b>(29,757,693)</b>	<b>7,018,625</b>	<b>3,170,193,334</b>	<b>7,018,625</b>	<b>147,784,011</b>	<b>308,583,916</b>
Total laba tahun berjalan	-	-	-	-	143,146,347	-	-	-	-	-	4,637,664	-	-	-
Penyertaan saham kepentingan nonpengendali	-	-	-	-	-	-	-	-	-	-	7,180,689	-	-	-
Pendapatan komprehensif lain tahun berjalan	-	-	-	-	2,461,412	-	(5,744,781)	1,833,180	(1,450,189)	(75,042)	(1,525,231)	-	-	-
Pembayaran dividen	-	-	-	-	(136,719,924)	-	-	-	-	-	(136,719,924)	-	-	-
Penyisihan cadangan umum	-	-	-	-	167,604,497	(167,604,497)	-	-	-	-	-	-	-	-
Reklasifikasi saldo laba dicadangkan	-	-	-	-	(316,613,514)	316,613,514	-	-	-	-	-	-	-	-
<b>Saldo 31 Desember 2017</b>	<b>344,018,831</b>	<b>(251,054)</b>	<b>284,339,313</b>	<b>2,427,854,334</b>	<b>143,146,347</b>	<b>(15,952,821)</b>	<b>(19,117,046)</b>	<b>3,861,985</b>	<b>(31,207,882)</b>	<b>18,761,936</b>	<b>3,186,912,879</b>	<b>18,761,936</b>	<b>147,784,011</b>	<b>308,583,916</b>

The accompanying notes form an integral part of these consolidated financial statements.

PT PERUSAHAAN GAS NEGARA (PERSERO) TBK DAN  
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LAPORAN ARUS KAS KONSOLIDASIAN  
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA  
31 DESEMBER 2017 DAN 2016(Disajikan dalam Dolar Amerika Serikat,  
kecuali dinyatakan lain)CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED  
DECEMBER 31, 2017 AND 2016  
(Expressed in United States Dollar,  
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	<u>2017</u>	<u>2016</u>	
<b>ARUS KAS DARI AKTIVITAS OPERASI</b>			<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>
Penerimaan dari pelanggan	2,990,145,383	2,966,046,617	Receipts from customers
Penerimaan dari pendapatan keuangan	12,166,608	20,892,973	Receipts from finance income
Pembayaran kepada pemasok	(1,863,740,045)	(1,746,010,090)	Payments to suppliers
Pembayaran pajak penghasilan setelah dikurangi penerimaan dari tagihan pajak	(142,107,666)	(93,744,198)	Payments for income taxes net of the receipts from claims for tax refund
Pembayaran untuk beban usaha dan aktivitas operasi lainnya	(200,385,856)	(280,845,582)	Payments for operating expenses and other operating activities
Pembayaran beban keuangan	(133,664,617)	(133,191,010)	Payments for finance cost
Pembayaran kepada karyawan	(84,509,338)	(77,602,427)	Payments to employees
<b>Kas neto yang diperoleh dari aktivitas operasi</b>	<b><u>577,904,469</u></b>	<b><u>655,546,283</u></b>	<b>Net cash provided by operating activities</b>
<b>ARUS KAS DARI AKTIVITAS INVESTASI</b>			<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>
Penerimaan dividen dan pengembalian modal dari ventura bersama	79,497,174	71,947,539	Dividends received and capital repayment from joint ventures
Penambahan bagian pada kerjasama operasi minyak dan gas bumi atau kontrak jasa/perjanjian partisipasi	-	(23,796,271)	Additions of interest in oil and gas operation or service contract/participating interest agreement
Penempatan bank garansi	(11,752,000)	-	Placement of bank guarantee
Penempatan ke kas yang dibatasi penggunaannya	(18,000,000)	-	Allocation to restricted cash
Penambahan investasi kepada entitas pengendalian bersama	-	(53,724,197)	Additional investment in joint venture
Penambahan aset tetap	(107,763,708)	(166,523,511)	Additions to fixed assets
Penambahan properti minyak dan gas	(129,521,794)	(256,514,025)	Additions to oil and gas properties
Penambahan aset eksplorasi dan evaluasi	(24,185,148)	(2,647,406)	Addition to exploration and evaluation
Penerimaan pembayaran piutang lain-lain jangka panjang	22,348,123	-	Receipt of repayment of other long-term receivables
Penambahan piutang lain-lain jangka panjang	-	(69,269,467)	Additions to other long-term receivables
<b>Kas neto yang digunakan untuk aktivitas investasi</b>	<b><u>(189,377,353)</u></b>	<b><u>(500,527,338)</u></b>	<b>Net cash used in investing activities</b>
<b>ARUS KAS DARI AKTIVITAS PENDANAAN</b>			<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>
Penjualan saham treasury	-	251,054	Sales of treasury stock
Pembayaran utang derivatif	(6,405,563)	(7,028,827)	Payments of derivative liabilities
Penerbitan obligasi	625,000,000	-	Issuance of bonds payable
Penerimaan pinjaman	-	300,000,000	Receipts of loans
Pembayaran pinjaman jangka pendek	(100,000,000)	-	Payments of short-term loans
Pembayaran pinjaman jangka panjang	(1,029,733,463)	(121,177,638)	Payments of long-term loans
Pembayaran dividen kepada pemilik entitas induk	(136,719,924)	(166,655,213)	Payments of dividend to owners of the parent entity
<b>Kas neto yang (digunakan untuk)/diperoleh dari aktivitas pendanaan</b>	<b><u>(647,858,950)</u></b>	<b><u>5,389,376</u></b>	<b>Net cash (used in)/provided by financing activities</b>
Pengaruh perubahan kurs	(18,382,505)	8,132,391	Foreign exchange impact
<b>(PENURUNAN)/KENAIKAN NETO KAS DAN SETARA KAS</b>	<b><u>(277,714,339)</u></b>	<b><u>168,540,712</u></b>	<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>
<b>KAS DAN SETARA KAS AWAL TAHUN</b>	<b><u>1,304,043,250</u></b>	<b><u>1,135,502,538</u></b>	<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>
<b>KAS DAN SETARA KAS AKHIR TAHUN</b>	<b><u>1,026,328,911</u></b>	<b><u>1,304,043,250</u></b>	<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini.

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**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
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**CATATAN ATAS LAPORAN KEUANGAN  
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(Disajikan dalam Dolar Amerika Serikat,  
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**NOTES TO CONSOLIDATED  
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**DECEMBER 31, 2017 AND 2016**

(Expressed in United States Dollar,  
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**1. UMUM**

**a. Pendirian perusahaan**

PT Perusahaan Gas Negara (Persero) 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 tahun 1984, PN. Gas diubah menjadi perusahaan umum ("Perum") dengan nama Perusahaan Umum Gas Negara.

Setelah itu, 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 tahun 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.

Pada tanggal 25 Januari 2018, pemegang saham perusahaan menyelenggarakan Rapat Umum Pemegang Saham Luar Biasa ("RUPSLB") dengan agenda perubahan Anggaran Dasar Perusahaan. Keputusan RUPSLB ini akan berlaku efektif setelah diterbitkannya Peraturan Pemerintah terkait Penambahan Penyertaan Modal Negara Republik Indonesia ke dalam Modal Saham PT Pertamina (Persero), dan juga ditandatanganinya akta pengalihan saham Perusahaan milik Negara Republik Indonesia ke dalam modal saham PT Pertamina (Persero) berdasarkan ketentuan perundangan yang berlaku, dalam jangka waktu 60 hari setelah tanggal pelaksanaan RUPSLB ini. Sampai dengan tanggal penerbitan laporan keuangan ini, Peraturan Pemerintah sebagaimana yang disebutkan dalam keputusan RUPSLB belum diterbitkan.

**1. GENERAL**

**a. The Company's establishment**

*PT Perusahaan Gas Negara (Persero) 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, company 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 entity was established as a state owned company ("Perusahaan Negara") and became known as Perusahaan Negara Gas (PN. Gas). Based on Government Regulation No. 27 year 1984, PN. Gas was converted into a public service enterprise ("Perum") under the name Perusahaan Umum Gas Negara.*

*Afterwards, 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 year 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 Ministry 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 dated October 4, 1996, Supplement No. 80.*

*On January 25, 2018, the shareholders of the Company held an Extraordinary General Meeting of Shareholders ("EGMS") with agenda to amend the Company's Articles of Association. The resolution of this EGMS will become effective after the issuance of the Government Regulation regarding the Addition of Equity Participation of the Republic of Indonesia into the Share Capital of PT Pertamina (Persero) and also the signing of the deed regarding the transfer of the Company's shares owned by the State of Republic of Indonesia into the share capital of PT Pertamina (Persero), in accordance with the prevailing law, within 60 days after the date of the EGMS. Up to the issuance date of these financial statements, the Government Regulation as mentioned in the EGMS resolution has not been issued.*



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**1. UMUM (lanjutan)**

**a. Pendirian perusahaan (lanjutan)**

Sesuai dengan Pasal 3 Anggaran Dasar Perusahaan dan Peraturan Pemerintah No. 37 tahun 1994, 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. Untuk mencapai sasaran penjualan yang lebih responsif, Perusahaan membagi wilayah usaha menjadi tiga *Regional Distribution* and satu *Regional Transmission*, terbagi dalam:

**1. *Regional Distribution I***

*Regional Distribution I*, mencakup Wilayah Jawa Bagian Barat sampai dengan Sumatera Selatan, yang terdiri dari Penjualan dan Layanan Area Banten, Jakarta, Bogor, Bekasi, Lampung, Cilegon, Kerawang, Cirebon dan Palembang.

**2. *Regional Distribution II***

*Regional Distribution II*, mencakup Wilayah Jawa Bagian Timur, yang terdiri dari Penjualan dan Layanan Area Surabaya, Sidoarjo-Mojokerto, Pasuruan-Probolinggo dan Semarang.

**1. GENERAL (continued)**

**a. *The Company's establishment (continued)***

*As stated in Article 3 of the Company's Articles of Association and in the Government Regulation No. 37 year 1994, the Company's objectives 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. To achieve responsive sales target, the Company has divided its business areas into three Regional Distribution and one Regional Transmission, as follows:*

**1. *Regional Distribution I***

*Regional Distribution I, covers Western Java Region until South Sumatera, which consists of Sales and Service Area Banten, Jakarta, Bogor, Bekasi, Lampung, Cilegon, Kerawang, Cirebon and Palembang.*

**2. *Regional Distribution II***

*Regional Distribution II, covers Eastern Java Region, which consists of Sales and Service Area Surabaya, Sidoarjo-Mojokerto, Pasuruan-Probolinggo and Semarang.*

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**1. UMUM (lanjutan)**

**a. Pendirian perusahaan (lanjutan)**

**3. Regional Distribution III**

*Regional Distribution III*, mencakup Wilayah Sumatera Utara dan Kepulauan Riau, yang terdiri dari Penjualan dan Layanan Area Medan, Batam dan Pekanbaru.

**4. Regional Transmission**

*Regional Transmission*, mencakup wilayah Sumatera Selatan, Jambi, Riau, Kepulauan Riau, Lampung, Banten, Jawa Barat, Jawa Tengah dan Medan.

Pemegang saham langsung Perusahaan adalah Pemerintah Republik Indonesia.

**b. Penawaran umum efek Perusahaan**

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, pemegang saham Perusahaan, dan 820.987.000 saham baru. Saham Perusahaan dicatatkan di Bursa Efek Indonesia pada tanggal 15 Desember 2003.

Berdasarkan Risalah Rapat Umum Pemegang Saham Luar Biasa yang diadakan pada tanggal 13 Juni 2008 dan diaktakan dengan Akta Notaris No. 49 dari Notaris 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 2024 di Bursa Efek Singapura (Catatan 21).

Pada tanggal 26 April 2017, SEI menerbitkan dan mencatatkan *Senior Unsecured Fixed Rate Notes* senilai USD625.000.000 yang jatuh tempo 2024 di Bursa Efek Singapura (Catatan 21).

**1. GENERAL (continued)**

**a. The Company's establishment (continued)**

**3. Regional Distribution III**

*Regional Distribution III*, covers North Sumatera Region and the Riau Islands, which consists of Sales and Service Area Medan, Batam and Pekanbaru.

**4. Regional Transmission**

*Regional Transmission*, covers Sumatera Selatan, Jambi, Riau, Kepulauan Riau, Lampung, Banten, Jawa Barat, Jawa Tengah dan Medan

The Company's immediate parent is the Government of Republic of Indonesia.

**b. The Company'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 of 475,309,000 shares from divestment of the Government of the Republic of Indonesia's shares, the Company's shareholders and 820,987,000 new shares. The Company's shares were listed at the Indonesia Stock Exchanges on December 15, 2003.

Based on the Minutes of the Extraordinary General Shareholders' Meeting held on June 13, 2008 which were notarised in Notarial Deed No. 49 of Notary 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 in the increase of the number of the Company's shares from 14 billion shares to become 70 billion shares and increase in the issued and paid-up capital from 4,593,437,193 shares to become 22,967,185,965 shares.

On May 12, 2014, the Company issued and listed USD1,350,000,000 Senior Unsecured Fixed Rate Notes due 2024 at the Singapore Exchange Securities Trading Limited (Note 21).

On April 26, 2017, SEI issued and listed USD625,000,000 Senior Unsecured Fixed Rate Notes due 2024 at the Singapore Exchange Securities Trading Limited (Note 21).

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## 1. UMUM (lanjutan)

## c. Penyelesaian laporan keuangan konsolidasian

Laporan keuangan konsolidasian Grup telah disusun dan disetujui oleh Direksi Perusahaan pada tanggal 28 Februari 2018.

## d. Entitas anak, pengaturan bersama, dan entitas asosiasi

Pada tanggal 31 Desember 2017 dan 2016, 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/ <i>Year of commercial operations started</i>	Jumlah aset dalam juta sebelum jurnal eliminasi/ <i>Total asset in million before elimination entries</i>	
	2017	2016		2017	2016
<b>Dimiliki langsung oleh Perusahaan/ <i>Held directly by the Company</i></b>					
PT Saka Energi Indonesia ("SEI") Eksplorasi minyak dan gas bumi/ <i>Exploration of oil and gas</i> Indonesia, 27 Juni 2011/ <i>June 27, 2011</i>	100.00%	100.00%	2013	2,629	2,670
PT PGN LNG Indonesia ("PLI") Pengolahan <i>liquefied natural gas</i> / <i>Processing of liquefied natural gas</i> Indonesia 26 Juni 2012/ <i>June 26, 2012</i>	100.00%	100.00%	2014	414	419
PT Permata Graha Nusantara ("PGN Property") Pengelolaan dan penyewaan gedung dan peralatan/ <i>Management and leasing buildings and equipment</i> Indonesia 17 Juni 2014/ <i>June 17, 2014</i>	100.00%	100.00%	2014	293	330
PT PGAS Solution ("PGASSOL") Konstruksi / <i>Construction</i> Indonesia, 6 Agustus 2009/ <i>August 6, 2009</i>	99.91%	99.91%	2010	113	133
PT Gagas Energi Indonesia ("GEI") Distribusi gas bumi/ <i>Distribution of natural gas</i> Indonesia 27 Juni 2011/ <i>June 27, 2011</i>	100.00%	100.00%	2012	83	85
PT PGAS Telekomunikasi Nusantara ("PGASKOM") Telekomunikasi/ <i>Telecommunication</i> , Indonesia, 10 Januari 2007/ <i>January 10, 2007</i>	99.93%	99.93%	2009	35	29

## 1. GENERAL (continued)

## c. Completion of the consolidated financial statements

The consolidated financial statements were prepared and authorised for issuance by the Company's Directors on February 28, 2018.

## d. Subsidiaries, joint arrangements, and associate entities

As of December 31, 2017 and 2016, 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/ 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 asset in million before elimination entries	
	2017	2016		2017	2016
<b>Dimiliki melalui PGASKOM/ Held through PGASKOM</b>					
PGAS Telecommunications International Pte. Ltd. ("PTI") Jasa Telekomunikasi/ Telecommunications services Singapura/Singapore, 24 November 2009/ November 24, 2009	100.00%	100.00%	2010	2	4
PT Telemedia Dinamika Sarana ("TDS") Jasa Telekomunikasi/ Telecommunications services Indonesia, 2 Oktober 2002/October 2, 2002	100.00%	100.00%	2013	2	2
<b>Dimiliki melalui PGN Property/ Held through PGN Property</b>					
PT Kalimantan Jawa Gas ("KJG") Transmisi gas/Gas transmission Indonesia, 23 Juli 2013/July 23, 2013	80.00%	80.00%	2015	272	310
PT Permata Karya Jasa ("Perkasa") Jasa perbengkelan, pembinaan, penyaluran jasa tenaga kerja/ Workshop services, guidance, distribution of labor services Indonesia, 29 April 2015/April 29, 2015	75.00%	75.00%	2016	31	2
<b>Dimiliki melalui PGASSOL/ Held through PGASSOL</b>					
PT Solusi Energy Nusantara ("Sena") Engineering, konsultasi dan jasa/ Engineering, consultancy and services, Indonesia, 20 April 2015/April 20, 2015	99.90%	99.90%	2016	4	2
<b>Dimiliki melalui GEI/ Held through GEI</b>					
PT Widar Mandripan Nusantara ("Widar") Jasa kelistrikan/Electricity service Indonesia, 29 Juli 2015/July 29, 2015	99.96%	99.96%	2)	2	1)
<b>Dimiliki melalui SEI/Held through SEI</b>					
Saka Indonesia Pangkah B.V. ("SIPBV") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Belanda/Netherlands, 27 Juli 2007/July 27, 2007	100.00%	100.00%	2007	876	917
PT Saka Energi Muara Bakau ("SEMB") Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 10 Februari 2014/February 10, 2014	100.00%	100.00%	2015	818	778
PT Saka Ketapang Perdana ("SKP") Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 17 Oktober 2012/October 17, 2012	100.00%	100.00%	2015	197	255
PT Saka Energi Internasional ("SI") Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 20 Februari 2014/February 20, 2014	100.00%	100.00%	2014	374	473

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## 1. UMUM (lanjutan)

## 1. GENERAL (continued)

d. Entitas anak, pengaturan bersama, dan  
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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 asset in million before elimination entries	
	2017	2016		2017	2016
<b>Dimiliki melalui SEI/Held through SEI</b> (lanjutan/continued)					
Saka Overseas Assets Holding B.V. ("SOAHBV") Eksplorasi minyak dan gas/ Exploration of oil and gas Kepulauan Cayman/Cayman Island, 24 Desember 2013/ December 24, 2013	100.00%	100.00%	2015	100	162
PT Saka Bangkanai Klemantan ("SBK") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Indonesia, 11 Maret 2013/March 11, 2013	100.00%	100.00%	2016	134	235
PT Saka Energi Sumatera ("SES") Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 24 September 2012/ September 24, 2012	100.00%	100.00%	2014	26	33
PT Saka Indonesia Sesulu ("SIS") Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 7 Maret 2013/March 7, 2013	100.00%	100.00%	2)	86	61
PT Saka Energi Bangkanai Barat ("SEBB") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Indonesia, 12 Mei 2014/May 12, 2014	100.00%	100.00%	2)	6	6
PT Saka Energi Investasi Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 18 Juli 2014/July 18, 2014	100.00%	100.00%	1)	1)	1)
PT Saka Energi Wokam ("SEW") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Indonesia, 14 September 2015/ September 14, 2015	100.00%	100.00%	2) 3c)	1)	1)
<b>Dimiliki melalui SOAHBV/ Held through SOAHBV</b>					
Saka Energi Exploration Production, B.V. ("SEEPBV") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Belanda/Netherlands, 24 Desember 2013/ December 24, 2013	100.00%	100.00%	2015	41	162
<b>Dimiliki melalui SEEPBV/ Held through SEEPBV</b>					
Saka Energi Muriah Limited ("SEML") (formerly Sunny Ridge Offshore Limited ("SROL") Eksplorasi minyak dan gas/ Exploration of oil and gas British Virgin Islands, 25 September 2014/September 25, 2014	100.00%	100.00%	2015	59	121

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## 1. UMUM (lanjutan)

## 1. GENERAL (continued)

d. Entitas anak, pengaturan bersama, dan  
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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 asset in million before elimination entries</i>	
	2017	2016		2017	2016
<b>Dimiliki melalui SI/Held through SI</b>					
PT Saka Energi Yamdena Barat ("SEYB") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 26 Mei/May 26, 2017	100.00%	4)	2)	1)	1)
PT Saka Energi Sepinggan ("SEP") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 1 April 2015/ <i>April 1, 2015</i>	100.00%	100.00%	2)	1)	1
PT Saka Eksplorasi Ventura ("SEV") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 14 December 2016/ <i>December 14, 2016</i>	100.00%	100.00%	2)	1)	1)
PT Saka Eksplorasi Baru ("SEB") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 26 Agustus 2016/ <i>August 26, 2016</i>	100.00%	100.00%	2)	1	1)
PT Saka Eksplorasi Timur ("SET") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 8 September 2016/ <i>September 8, 2016</i>	100.00%	100.00%	2)	1	2
PT Saka Energi Asia Pte. Ltd ("SEAPL") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Singapura/ <i>Singapore</i> 15 Juni 2016/ <i>June 15, 2016</i>	100.00%	100.00%	2016 <sup>3a) 3b)</sup>	131	208
PT Saka Energi Investama ("SEINV") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 9 November/November 2017	100.00%	4)	2)	2)	2)
Saka Energi Sanga CBM Pte. Ltd. ("SESCBM") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Singapura/ <i>Singapore</i> , 28 Desember/ <i>December 2017</i>	100.00%	4)	2)	2)	2)
<b>Dimiliki melalui SBK/Held through SBK</b>					
Saka Energy Fasken LLC ("Fasken") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Texas 2 Mei 2014/ <i>May 2, 2014</i>	100.00%	100.00%	2014	235	229
<b>Dimiliki melalui SIPBV/ Held through SIPBV</b>					
Saka Indonesia Pangkah Limited ("SIPL") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 5 Juli 1995/ <i>July 5, 1995</i>	100.00%	100.00%	2007	640	661
Saka Pangkah LLC ("SPLLC") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 12 Juli 1995/ <i>July 12, 1995</i>	100.00%	100.00%	2007	103	102

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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 asset in million before elimination entries	
	2017	2016		2017	2016
<b>Dimiliki melalui SEAPL/ Held through SEAPL (lanjutan/continued)</b>					
Saka Energi Sanga Star Pte. Ltd. ("SESSPL") Eksplorasi dan produksi minyak dan gas/Exploration and production of oil and gas Singapura/Singapore, 15 Juni 2016/ June 16, 2016	100.00%	100.00%	2016 <sup>3b)</sup>	38	54
Saka Energi East Kalimantan Pte. Ltd. ("SEEKPL") Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 15 Juni 2016/ June 15, 2016	100.00%	100.00%	2016 <sup>3a)</sup>	39	38
<b>Dimiliki melalui SEEKPL/ Held through SEEKPL</b>					
Saka Energi Sanga-sanga Limited. ("SESL") Eksplorasi minyak dan gas/ Exploration and production of oil and gas Bahamas, 18 November 1983/ November 18, 1983	100.00%	100.00%	2009 <sup>3a)</sup>	74	99

## Keterangan:

- Total aset di bawah 1 juta Dolar Amerika Serikat ("Dolar AS").
- Belum beroperasi komersial.
- Diakuisisi oleh Grup pada tahun 2016.
  - SEAPL melalui SEEKPL mengakuisisi 100% kepemilikan dari SESL (dahulu British Petroleum East Kalimantan Limited) British Petroleum East Kalimantan Limited) yang memiliki 26.25% participating interest pada Blok Sanga-sanga. Lihat Catatan 4a.
  - SEAPL melalui SESSPL mengakuisisi 50% kepemilikan dari Unimar LLC ("Unimar") yang memiliki 11.5625% participating interest pada Blok Sanga-sanga. Lihat Catatan 13 poin (3).
  - SEW didirikan pada tanggal 14 September 2015. Pada tahun 2016, SEW telah mengakuisisi 100% participating interest di Blok Wokam II dari Murphy Wokam Oil Company Ltd dengan total nilai akuisisi senilai USD250.000.
- Didirikan oleh Grup pada tahun 2017.

## Remarks:

- The total assets is below one million United States Dollar (US Dollar).
- Not yet started commercial operation.
- Acquired by the Group in 2016.
  - SEAPL, through SEEKPL, acquired 100% interest of SESL (formerly British Petroleum East Kalimantan Limited) that owned 26.25% participating interest in Sanga-sanga Block. Refer to Note 4a.
  - SEAPL, through SESSPL, acquired 50% interest of Unimar LLC ("Unimar") that owned 11.5625% participating interest in Sanga-sanga Block. Refer to Note 13 point (3).
  - SEW was established on September 14, 2015. In 2016, SEW acquired 100% participating interest in Wokam II Block from Murphy Wokam Oil Company Ltd with total consideration of USD250,000.
- Established by the Group in 2017.

Grup mempunyai kerjasama operasi minyak dan gas atau kontrak jasa/perjanjian partisipasi dan pembagian ekonomi pada tanggal 31 Desember 2017 dan 2016 sebagai berikut:

The Group has interests in the following oil and gas joint operations or Service Contracts/ Participation and Economic Sharing Agreements at December 31, 2017 and 2016:

Kerjasama Operasi/ Joint Operation	Negara/Country	2017	2016
Blok Ujung Pangkah	Indonesia	100.00%	100.00%
Blok South Sesulu	Indonesia	100.00%	100.00%
Blok Fasken	Amerika Serikat/ United States of America	36.00%	36.00%
Blok Bangkanai	Indonesia	30.00%	30.00%
Blok Bangkanai Barat	Indonesia	30.00%	30.00%
Blok Muriah	Indonesia	20.00%	20.00%
Blok Ketapang	Indonesia	20.00%	20.00%
Blok Muara Bakau	Indonesia	11.67%	11.67%
Blok South East Sumatera	Indonesia	8.91%	8.91%
Blok Wokam II	Indonesia	100.00%	100.00%
Blok Sanga-sanga	Indonesia	37.815%	37.815%

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**1. UMUM (lanjutan)**

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi (lanjutan)**

Informasi mengenai ventura bersama dan entitas asosiasi yang dimiliki oleh Grup pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

Entitas asosiasi kedudukan dan tanggal pendirian/ Associate domiciles and date of establishment	Persentase kepemilikan/ Percentage of ownership		Tahun usaha komersial dimulai/ Year of commercial operations started	Kegiatan usaha/ Business activities
	2017	2016		
<b>Ventura bersama/ Joint ventures</b>				
PT Transportasi Gas Indonesia ("Transgasindo") Transmisi gas/ Gas transmission, Indonesia, 1 Februari 2002/ February 1, 2002	59.87%	59.87%	2002, Jakarta	Transportasi gas bumi melalui jaringan pipa transmisi/Transportation of natural gas through transmission pipelines
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 products arising 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
<b>Entitas asosiasi/Associate</b>				
PT Gas Energi Jambi (GEJ)	40.00%	40.00%	2005, Jambi	Transportasi dan distribusi gas bumi/ Transportation and distribution of natural gas.

**e. Dewan Komisaris, Direksi dan karyawan**

Per tanggal 31 Desember 2017 dan 2016, berdasarkan Rapat Umum Pemegang Saham Tahunan yang dilaksanakan pada tanggal 8 April 2017, para pemegang saham menyetujui susunan Dewan Komisaris dan Direksi Perusahaan sebagai berikut:

**Dewan Komisaris**

Komisaris Utama  
Komisaris Independen  
Komisaris Independen  
Komisaris  
Komisaris  
Komisaris

Fajar Harry Sampurno  
Paiman Rahardjo  
Kiswodarmawan  
Hendrika Nora Oslo Sinaga  
M. Ikhsan  
IGN. Wiratmaja Puja

**Dewan Direksi**

Direktur Utama  
Direktur Keuangan  
Direktur Komersial  
Direktur Infrastruktur dan Teknologi  
Direktur Strategi dan  
Pengembangan Bisnis  
Direktur Sumber Daya  
Manusia dan Umum

Jobi Triananda Hasjim  
Nusantara Suyono  
Danny Praditya  
Dilo Seno Widagdo  
Gigih Prakoso\*)  
Desima Equalita Siahaan

**1. GENERAL (continued)**

**d. Subsidiaries, joint arrangements, and associate entities (continued)**

Information about joint venture and associate owned by the Group as of December 31, 2017 and 2016 are as follows:

Entitas asosiasi kedudukan dan tanggal pendirian/ Associate domiciles and date of establishment	Persentase kepemilikan/ Percentage of ownership		Tahun usaha komersial dimulai/ Year of commercial operations started	Kegiatan usaha/ Business activities
	2017	2016		
<b>Ventura bersama/ Joint ventures</b>				
PT Transportasi Gas Indonesia ("Transgasindo") Transmisi gas/ Gas transmission, Indonesia, 1 Februari 2002/ February 1, 2002	59.87%	59.87%	2002, Jakarta	Transportasi gas bumi melalui jaringan pipa transmisi/Transportation of natural gas through transmission pipelines
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 products arising 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
<b>Entitas asosiasi/Associate</b>				
PT Gas Energi Jambi (GEJ)	40.00%	40.00%	2005, Jambi	Transportasi dan distribusi gas bumi/ Transportation and distribution of natural gas.

**e. Boards of Commissioners, Directors and employees**

As of December 31, 2017 and 2016, based on the Annual General Meeting of Shareholders on April 8, 2017, 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  
Commissioner

**Board of Directors**

Chairman of the Board of Directors  
Director of Finance  
Director of Commercial  
Director of Technology and Infrastructure  
Director of Strategic and  
Business Development  
Director of Human Resources  
and General Affairs



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## 1. UMUM (lanjutan)

e. Dewan Komisaris, Direksi dan karyawan  
(lanjutan)

\*) Gigih Prakoso tidak lagi menjabat sebagai Direktur, dikarenakan pada tanggal 15 Agustus 2017 telah dilantik menjadi Direktur Pertamina (Persero).

Per tanggal 31 Desember 2016, berdasarkan Rapat Umum Pemegang Saham Tahunan yang dilaksanakan pada tanggal 6 April 2015, para pemegang saham menyetujui susunan Dewan Komisaris dan Direksi Perusahaan sebagai berikut:

**Dewan Komisaris**

Komisaris Utama  
Komisaris Independen  
Komisaris Independen  
Komisaris  
Komisaris  
Komisaris

Iman Sugema  
Paiman Rahardjo  
M. Zamkhani <sup>1)</sup>  
Tirta Hidayat  
M. Ikhsan  
IGN. Wiratmaja Puja

**Dewan Direksi**

Direktur Utama  
Direktur Keuangan  
Direktur Pengusahaan  
Direktur Teknologi dan Pengembangan  
Direktur Perencanaan Investasi dan  
Manajemen Risiko  
Direktur Sumber Daya  
Manusia dan Umum

Hendi Prio Santoso  
M. Riza Pahlevi Tabrani  
Jobi Triananda Hasjim  
Djoko Saputro  
Muhammad Wahid Sutopo  
Hendi Kusnadi

1) M. Zamkhani tidak lagi menjabat sebagai komisaris sejak 14 Desember 2015 berdasarkan surat menteri BUMN No. S-895/MBU/12/2015.

Pada tanggal 31 Desember 2017 susunan Komite Audit Perusahaan adalah sebagai berikut:

Ketua  
Anggota  
Anggota  
Anggota  
Anggota

Paiman Rahardjo  
Luki Karunia  
Yovita Lasti Handini  
Kurnia Sari Dewi  
Hendrika Nora Oslo Sinaga

Chairman  
Member  
Member  
Member  
Member

Pada tanggal 31 Desember 2016 susunan Komite Audit Perusahaan adalah sebagai berikut:

Ketua  
Anggota  
Anggota  
Anggota

Paiman Rahardjo  
Luki Karunia  
Yovita Lasti Handini  
Kurnia Sari Dewi

Chairman  
Member  
Member  
Member

Pada tanggal 31 Desember 2017 dan 2016, jumlah karyawan tetap Perusahaan dan Entitas Anak masing-masing adalah 2.301 orang dan 2.242 orang (tidak diaudit).

## 1. GENERAL (continued)

e. Boards of Commissioners, Directors and  
employees (continued)

\*) Gigih Prakoso was no longer serving as Director since he has been appointed as Director at Pertamina (Persero) on August 15, 2017.

As of December 31, 2016, based on the Annual General Meeting of Shareholders on April 6, 2015, 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  
Commissioner

**Board of Directors**

Chairman of the Board of Directors  
Director of Finance  
Director of Operations  
Director of Technology and Development  
Director of Investment Planning and  
Risk Management  
Director of Human Resources  
and General Affairs

1) M. Zamkhani was no longer the commissioner since December 14, 2015 based on letter from Ministry of state owned enterprise No. S-895/MBU /12/2015.

As of December 31, 2017 the members of the Company's audit committee are as follows:

As of December 31, 2016, the members of the Company's audit committee are as follows:

As of December 31, 2017 and 2016, the Company and Subsidiaries have a total of 2,031 and 2,242 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 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") melalui peraturan nomor VIII.G.7.

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 laporan laba rugi, serta menggunakan dasar akrual kecuali untuk laporan arus kas konsolidasian.

Laporan arus kas konsolidasian 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, bank dan deposito.

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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES**

**a. Basis of consolidated financial statements**

*The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, including Statemenst of Financial Accounting Standard ("SFAS") and Intrepretation of Financial Accounting Standard ("IFAS") and the Regulations and Guidelines on Financial Statement Presentation and Disclosures issued by Financial Services Authority ("OJK") through regulation number VIII.G.7.*

*The 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 consolidated statements of cash flows.*

*The consolidated statements 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 consolidated statements of cash flows, cash and cash equivalents include cash on hand, cash in banks and 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 discussed in Note 3.*

*Except as describe 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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unless otherwise stated)2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)a. Dasar penyajian laporan keuangan  
konsolidasian (lanjutan)a. Basis of consolidated financial statements  
(continued)

## Perubahan pada PSAK dan ISAK

## Changes to the SFAS and IFAS

Penerapan standar dan interpretasi baru atau revisi berikut ini yang berlaku efektif 1 Januari 2017, tidak memberikan dampak material pada laporan keuangan konsolidasian:

The adoption of the following new and revised standards and interpretations effective on January 1, 2017, resulted in immaterial impact on the consolidated financial statements:

- PSAK No. 1 (Revisi 2015): Penyajian Laporan Keuangan

- SFAS No. 1 (Revised 2015): Presentation of Financial Statements

Amandemen PSAK ini memberikan klarifikasi terkait penerapan persyaratan materialitas, fleksibilitas urutan sistematis catatan atas laporan keuangan dan pengidentifikasian kebijakan akuntansi signifikan.

Amendments to this SFAS provides clarification related to the application of the requirements of materiality, flexibility systematic sequence of notes to the financial statements and the identification of significant accounting policies.

Amandemen PSAK ini juga mengakibatkan amandemen terhadap PSAK (*consequential amendment*) sebagai berikut:  
PSAK No. 3: Laporan Keuangan Interim;  
PSAK No. 5: Segmen Operasi;  
PSAK No. 60: Instrumen Keuangan: Pengungkapan; dan  
PSAK No. 62: Kontrak Asuransi.

Amendments to this PSAK also results in an amendment to IAS (*consequential amendment*) as follows:  
SFAS No. 3: Interim Financial Reporting;  
SFAS No. 5: Operating Segments;  
SFAS No. 60: Financial Instruments: Disclosures; and  
SFAS No. 62: Insurance Contracts.

- PSAK No. 3 (Revisi 2016): Laporan Keuangan Interim

- SFAS No. 3 (Revised 2016): Interim Financial Reporting

PSAK ini mengklarifikasi bahwa pengungkapan interim yang dipersyaratkan harus dicantumkan dalam laporan keuangan interim atau melalui referensi silang dari laporan keuangan interim, seperti komentar manajemen atau laporan risiko yang tersedia untuk pengguna laporan keuangan interim. Jika pengguna laporan keuangan tidak dapat mengakses informasi yang ada pada referensi silang dengan persyaratan dan waktu yang sama, maka laporan keuangan interim entitas dianggap tidak lengkap.

This SFAS clarifies that interim disclosures are required to be included in the interim financial statements or through cross-references of the interim financial statements, such as management commentary or risk report available to users of the interim financial statements. If the users of financial statements can not access the information on the cross-reference with the same requirements on the same period, the interim financial statements of the entity is considered incomplete.

- PSAK No. 24 (Revisi 2016): Imbalan Kerja

- SFAS No. 24 (Revised 2016): Employee Benefits

PSAK ini mengklarifikasi bahwa pasar obligasi korporasi berkualitas tinggi dinilai berdasarkan denominasi mata uang obligasi tersebut dan bukan berdasarkan negara di mana obligasi tersebut berada.

This SFAS clarifies that the market of high quality corporate bonds are determined by currency in which the bonds are denominated and not based on the country in which the bonds are exist.

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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. 58 (Revisi 2016): Aset Tidak Lancar yang Dimiliki Untuk Dijual dan Operasi yang Dihentikan

PSAK ini mengklarifikasi bahwa perubahan dari satu metode pelepasan ke metode pelepasan lainnya dianggap sebagai rencana awal yang berkelanjutan dan bukan sebagai rencana pelepasan baru. Penyesuaian ini juga mengklarifikasi bahwa perubahan metode pelepasan ini tidak mengubah tanggal klasifikasi sebagai aset atau kelompok aset yang dilepas.

- PSAK No. 60 (Revisi 2016): Instrumen Keuangan: Pengungkapan

PSAK ini mengklarifikasi bahwa entitas harus menilai sifat dari imbalan kontrak jasa untuk menentukan apakah entitas memiliki keterlibatan berkelanjutan dalam aset keuangan dan apakah persyaratan pengungkapan terkait keterlibatan berkelanjutan terpenuhi.

- ISAK No. 31: Interpretasi atas Ruang Lingkup PSAK No.13: Properti Investasi

ISAK 31 memberikan interpretasi atas karakteristik bangunan yang digunakan sebagai bagian dari definisi properti investasi dalam PSAK 13. Bangunan sebagaimana dimaksud dalam definisi properti investasi mengacu pada struktur yang memiliki karakteristik fisik yang umumnya diasosiasikan dengan suatu bangunan yang mengacu pada adanya dinding, lantai, dan atap yang melekat pada aset.

- ISAK No. 32: Definisi dan Hierarki Standar Akuntansi Keuangan

ISAK 32 memberikan interpretasi atas definisi dan hierarki Standar Akuntansi Keuangan dalam PSAK 1 paragraf 7 dan PSAK 25 paragraf 5.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Basis of consolidated financial statements  
(continued)**

**Changes to the SFAS and IFAS (continued)**

- SFAS No. 58 (Revised 2016): Non-current Assets Held for Sale and Discontinued Operations

*This PSAK clarifies that a change from one disposal method to other disposal method are considered as the beginning of a sustainable plan and not as a new disengagement plan. This adjustment also clarified that the change in the disposal method does not change the date of classification as an asset or asset group disposal.*

- SFAS No. 60 (Revised 2016): Financial Instruments: Disclosures

*This PSAK clarifies that an entity must assess the nature of the contract in exchange for services to determine whether the entity has a continuing involvement in financial assets and whether the disclosure requirements related to continuing involvement are met.*

- IFAS No. 31: Interpretation on scope of SFAS No. 13: Investment Property

*IFAS 31 provides an interpretation of the characteristics of the building that is used as part of the definition of investment property in SFAS 13. The building that referred to in the definition of investment property refers to structures that have physical characteristics that are generally associated with a building which refers to the presence of walls, floors, and roofs are attached to the asset.*

- IFAS No. 32: Definition and Hierarchy of Financial Accounting Standard

*IFAS 32 provides an interpretation of the definition and hierarchy of Financial Accounting Standards stated in SFAS 1 paragraph 7 and SFAS 25 paragraph 5.*

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## Perubahan pada PSAK dan ISAK (lanjutan)

## Changes to the SFAS and IFAS (continued)

Standar baru, revisi dan interpretasi yang telah diterbitkan namun belum berlaku efektif pada saat ini adalah sebagai berikut:

*New standards, amendments and interpretations issued but not yet effective for the period are as follows:*

- PSAK No. 2 (Revisi 2016): Laporan Arus Kas

- SFAS No. 2 (Revised 2016): Statement of Cash Flows

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.

*Amendments to this SFAS requires the entity to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flow and non-cash changes.*

- PSAK No. 13: Properti Investasi tentang Pengalihan Properti Investasi

- SFAS No. 13: Investment Property, Transfer of Investment Property

Amandemen ini mengklarifikasi persyaratan transfer ke, atau dari, properti investasi.

*The amendment clarifies the requirements on transfers to, or from, investment property.*

- PSAK No. 15: Investasi pada Entitas Asosiasi dan Ventura Bersama tentang Kepentingan Jangka Panjang pada Entitas Asosiasi dan Ventura Bersama

- SFAS No. 15: Investment in Associates and Joint Ventures, Long-term interests in Associates and Joint Ventures

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.

*The amendment to SFAS 15 Investments in Associates and Joint Ventures clarifies that companies account for long-term interests in an associate or joint venture-to which the equity method is not applied-using SFAS 71.*

- PSAK No. 16 (Revisi 2015): Aset Tetap, untuk paragraf yang terkait dengan aset agrikultur

- SFAS No. 16 (Revised 2015): Property, Plant and Equipment, for the paragraph which relate to agriculture asset

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.

*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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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 tersebut 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: Klarifikasi dan Pengukuran Transaksi Pembayaran Berbasis Saham

Amendemen ini mengklarifikasi perlakuan akuntansi terkait pengklasifikasian dan pengukuran untuk transaksi berbasis saham.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Basis of 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 temporary differences that are deductible 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 taxable income will be available so that the deductible temporary differences can be utilised, the valuation deductible temporary differences would be in line with tax regulations.*
- (c) *Adding that the tax reduction from the reversal of deferred tax assets is excluded from the estimate of future taxable income. Then compare the entity deductible temporary differences to the estimated future taxable income that does not include tax reduction resulting from the reversal of deferred tax assets is to assess whether the entity has a future taxable income sufficient.*
- (d) *Estimation of the likeliness 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 for share based transactions.*

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## Perubahan pada PSAK dan ISAK (lanjutan)

## Changes to the SFAS and IFAS (continued)

## - PSAK No. 69: Agrikultur

## - SFAS No. 69: Agriculture

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 periode terjadinya. Pengecualian diberikan apabila nilai wajar secara jelas tidak dapat diukur secara andal.

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.

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.

SFAS 69 provides an exception for assets which are excluded from the scope. Accounting treatment applied to productive assets 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.

## - PSAK No. 71: Instrumen Keuangan

## - SFAS No. 71: Financial Instruments

PSAK 71 akan memberikan dampak material terhadap klasifikasi dan pengukuran instrument keuangan (terutama aset keuangan), penurunan nilai dan akuntansi lindung nilai.

SFAS No. 71 will give material impacts to classification and measurement of financial instruments (especially financial assets), impairments and hedge accounting.

Amendemen ini mengatur tentang fitur percepatan pelunasan dengan kompensasi negatif, memungkinkan Perusahaan 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 laporan laba rugi.

This amendment provides prepayment features with negative compensation that allows Companies to measure particular prepayable financial assets with so-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.

## - PSAK No. 72: Pendapatan dari Kontrak dengan Pelanggan

## - SFAS No. 72: Revenue from Contracts with Customers

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.

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.

Sebagai hasil, ini akan menjadi satu standar untuk pengakuan pendapatan.

As results, this will become single-standard for revenue recognition.

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**a. Dasar penyajian laporan keuangan  
konsolidasian (lanjutan)**

**Perubahan pada PSAK dan ISAK (lanjutan)**

- 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 dan yang bernilai rendah.

Perlakuan akuntansi untuk pesewa 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 aset 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.

Standar ini harus diterapkan pada tahun yang dimulai pada atau setelah tanggal 1 Januari 2020. Penerapan dini diperbolehkan khusus bagi entitas yang telah menerapkan PSAK 72. Grup tidak bermaksud untuk mengadopsi standar ini sebelum tanggal efektifnya.

- 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 No. 71. Standar yang diubah ini memberikan panduan bagi entitas yang menerbitkan kontrak asuransi (terutama perusahaan asuransi) mengenai bagaimana menerapkan PSAK No. 71. Dimana akan ada 2 pendekatan yang dapat dipilih. Dengan melaporkan entitas yang bersifat deferral dan pendekatan *overlay*.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Basis of consolidated financial statements  
(continued)**

**Changes to the SFAS and IFAS (continued)**

- SFAS No. 73: Leases

SFAS 73 was issued in September 2017. It will result in 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 exceptions are shortterm and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has noncancellable operating lease. 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.

This standard must be applied for financial years commencing on or after January 1, 2020. Early adoption is permitted only for entities that apply SFAS 72. The Group does not intend to adopt the standard before its effective date.

- 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 No. 71. The amended standard provides guidance for entity who issuing insurance contract (especially insurance company) on how to implementing SFAS No. 71. There would be 2 approaches that can be chosen by reporting entity which are deferral and *overlay* approach.



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan  
konsolidasian (lanjutan)**

**Perubahan pada PSAK dan ISAK (lanjutan)**

- ISAK No. 33: Transaksi Valuta Asing dan Imbalan di Muka

ISAK 33 merupakan penerapan IFRIC 22. 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.

Standar-standar tersebut diatas baru berlaku efektif pada tahun buku yang dimulai pada atau setelah tanggal 1 Januari 2018 kecuali untuk ISAK 33 baru berlaku efektif pada tahun buku dimulai pada atau setelah 1 Januari 2019. PSAK 15, PSAK 53, PSAK 71, PSAK 72, dan Amendemen PSAK 62 yang baru berlaku efektif pada tahun buku dimulai pada atau setelah 1 Januari 2020. Penerapan dini diperbolehkan khusus bagi entitas yang telah menerapkan PSAK 72. Grup tidak bermaksud untuk mengadopsi standar ini sebelum tanggal efektifnya.

Pada saat penerbitan laporan keuangan interim konsolidasian ini, manajemen sedang mempelajari dampak yang mungkin timbul dari penerapan standar baru dan revisi tersebut serta pengaruhnya pada laporan keuangan Grup.

**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.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
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**a. Basis of consolidated financial statements  
(continued)**

**Changes to the SFAS and IFAS (continued)**

- IFAS No. 33: Foreign Currency Transactions and Advance Consideration

ISAK 33 is an adoption of IFRIC 22. This Amendment clarifies the use of the date of the transaction 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.

The above standards are effective for the financial year beginning on or after January 1, 2018 except for IFAS 33 which are effective for the financial year beginning on or after January 1, 2019. SFAS 15, SFAS 53, SFAS 71, SFAS 72 and Amendment SFAS 62 which are effective for the financial year beginning on or after January 1, 2020. Early adoption is permitted only for entities that apply SFAS 72. The Group does not intend to adopt the standard before its effective date.

As at the authorisation date of these interim consolidated financial statements, the management is still evaluating the potential impact of these new and revised SFAS to the financial statements of the Group.

**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.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**b. Prinsip-prinsip konsolidasi (lanjutan)**

**b. Principles of consolidation (continued)**

**i. Entitas anak (lanjutan)**

**i. Subsidiaries (continued)**

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 diakuisisi 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.

*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.*

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 pemilik entitas induk.

*The Group recognises any noncontrolling 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 statement of financial position, separate from the equity of the parent's entity.*

Biaya yang terkait dengan akuisisi dibebankan pada saat terjadinya.

*Acquisition-related costs are expensed as incurred.*

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 laporan laba rugi.

*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.*

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 laporan laba rugi. Imbalan kontinjensi yang diklasifikasikan sebagai ekuitas tidak diukur kembali dan penyelesaian selanjutnya diperhitungkan dalam ekuitas.

*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 Instrument: 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.*

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**b. Prinsip-prinsip konsolidasi (lanjutan)**

**i. Entitas anak (lanjutan)**

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 laporan laba rugi (Catatan 4).

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 liabilitas entitas anak ditranslasikan dengan kurs tengah Bank Indonesia pada akhir periode pelaporan. Sementara itu, pendapatan dan beban ditranslasikan dengan kurs rata-rata dari kurs tengah Bank Indonesia selama periode laporan laba rugi.

Selisih yang timbul dari penjabaran laporan keuangan entitas anak tersebut ke dalam Dolar AS disajikan dalam akun "Penghasilan komprehensif lain - Selisih kurs karena 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.

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**b. Principles of consolidation (continued)**

**i. Subsidiaries (continued)**

*The excess of the consideration transferred, the amount of any noncontrolling 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, noncontrolling 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 (Note 4).*

*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 consolidation purpose of subsidiaries using currency other than US Dollar as functional currency, assets and liabilities are translated using Bank of Indonesia middle rate at the end of reporting period. Besides, revenue and expenses are translated using average Bank of Indonesia middle rate during profit or loss period.*

*The difference arising from the translation of those 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 for 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.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**b. Prinsip-prinsip konsolidasi (lanjutan)**

**b. Principles of consolidation (continued)**

**iii. Pelepasan entitas anak**

**iii. Disposal of subsidiaries**

Ketika Grup tidak lagi memiliki pengendalian atau, kepentingan yang masih tersisa atas entitas diukur kembali berdasarkan nilai wajarnya, dan perubahan nilai tercatat diakui dalam laporan 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 laporan laba rugi.

*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 fair value is the initial carrying amount for the purposes of subsequently accounting for 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 may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.*

**iv. Entitas asosiasi**

**iv. Associates**

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. Di dalam investasi Grup atas entitas asosiasi termasuk goodwill yang diidentifikasi ketika akuisisi.

*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 of accounting. 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 of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.*

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 direklasifikasi ke laporan laba rugi.

*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.*

Bagian Grup atas laba atau rugi entitas asosiasi pasca akuisisi diakui dalam laporan 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 yang akan diterima dari entitas asosiasi diakui sebagai pengurang jumlah tercatat investasi.

*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 receivable from associates are recognised as reduction in the carrying amount of the investment.*

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**b. Prinsip-prinsip konsolidasi (lanjutan)**

**b. Principles of consolidation (continued)**

**iv. Entitas asosiasi (lanjutan)**

**iv. Associates (continued)**

Jika bagian Grup atas kerugian entitas asosiasi sama dengan atau melebihi kepentingannya pada entitas asosiasi, termasuk piutang tanpa agunan, Grup menghentikan pengakuan bagian kerugiannya, kecuali Grup memiliki kewajiban atau melakukan pembayaran atas nama entitas asosiasi.

*When the Group's share of losses in an associate equals or exceeds its interest in the associates, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates.*

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 laporan 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.

*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 amount adjacent to "share in profit of joint venture" 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.*

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.

*Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates.*

Keuntungan dan kerugian dilusi yang timbul pada investasi entitas asosiasi diakui dalam laporan laba rugi.

*Dilution gains and losses arising in investments in associates are recognised in profit or loss.*

**v. Pengaturan bersama**

**v. Joint arrangements**

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.

*Under SFAS 66 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. At the reporting date, the Group has joint operations and joint ventures.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
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**b. Prinsip-prinsip konsolidasi (lanjutan)**

**b. Principles of consolidation (continued)**

**v. Pengaturan bersama (lanjutan)**

**v. Joint arrangements (continued)**

(1) Operasi bersama

(1) Joint operations

Operasi bersama adalah salah satu jenis pengaturan bersama dimana para pihak yang memiliki pengendalian bersama atas pengaturan memiliki hak atas aset, kewajiban atas liabilitas, terkait dengan pengaturan tersebut.

*A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.*

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.

*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.*

Sehubungan dengan kepentingannya dalam operasi bersama bagian kepemilikan dalam operasi bersama, Grup mengakui:

*In relation to its interests in joint operations, the Group recognises its:*

- 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.

- 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.*

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.

*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 a transaction only to the extent of the other parties' interests in the joint operation.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
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**b. Prinsip-prinsip konsolidasi (lanjutan)**

**b. Principles of consolidation (continued)**

**v. Pengaturan bersama (lanjutan)**

**v. Joint arrangements (continued)**

(2) Ventura bersama

(2) Joint ventures

Ventura bersama dicatat menggunakan metode ekuitas. Dalam akuntansi 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.

*Joint ventures are accounted for using the equity method. Under the equity method of accounting, 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.*

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.

*Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent 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. Penjabaran mata uang asing**

**c. Foreign currency translation**

**i. Mata uang fungsional dan penyajian**

**i. Functional and presentation currency**

Masing-masing entitas dalam Grup mempertimbangkan indikator utama dan indikator lainnya dalam menentukan mata uang fungsionalnya. Perusahaan menentukan mata uang fungsionalnya dan mata uang Grup adalah Dolar AS dan memutuskan mata uang penyajian laporan keuangan konsolidasian menggunakan Dolar AS.

*Each entity in the Group considers the primary indicators and other indicators in determining its functional currency. The Company has determined that its functional currency is the US Dollar and decided that the presentation currency for the consolidated financial statements is the US Dollar.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
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**c. Transaksi dan Saldo dalam mata uang asing  
(lanjutan)**

**c. Foreign currency transactions and  
balances (continued)**

**ii. Transaksi dan saldo**

**ii. Transaction and balances**

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 usaha periode berjalan, kecuali untuk selisih kurs yang dapat diatribusikan ke aset tertentu dikapitalisasi ke aset dalam pembangunan dan pemasangan.

*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 statement 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 operations, except for foreign exchange differentials that can be attributed to qualifying assets which are capitalised to properties under construction and installation.*

Nilai tukar yang digunakan adalah sebagai berikut:

*The rates of exchange used were as follows:*

	<u>2017</u>	<u>2016</u>	
1 Dolar AS/Rupiah	13,548.00	13,436.00	1 US Dollar/Rupiah
1 Dolar AS/SGD	1.34	1.44	1 US Dollar/SGD
1 Dolar AS/JPY	112.64	116.42	1 US Dollar/JPY

**d. Aset keuangan**

**d. Financial assets**

**1.1 Klasifikasi**

**1.1 Classification**

Grup mengklasifikasikan aset keuangan dalam kategori sebagai berikut: (i) diukur pada nilai wajar melalui laporan 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 2017 dan 2016, Grup hanya mempunyai aset keuangan yang dikategorikan sebagai (i) pinjaman yang diberikan dan piutang, serta (ii) tersedia untuk dijual.

*The Group classifies its financial assets into the categories of (i) financial assets at fair value through profit or loss, (ii) loans and receivables, and (iii) available-for-sale financial assets and (iv) held to maturity. The classification depends on the purpose for which the financial assets were acquired. Group determines the classification of its financial assets at initial recognition. As at December 31, 2017 and 2016, Group only has financial assets classified as (i) loan and receivables, and (ii) available-for-sale.*



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SIGNIFIKAN (lanjutan)2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)

## d. Aset keuangan (lanjutan)

## d. Financial assets (continued)

## 1.1 Klasifikasi (lanjutan)

## 1.1 Classification (continued)

## (i) Pinjaman yang diberikan dan piutang

## (i) Loans and receivables

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. Pinjaman yang diberikan dan piutang ini dimasukkan sebagai aset tidak lancar.

*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. These are classified as non-current assets.*

Aset keuangan Grup yang dikategorikan sebagai pinjaman yang diberikan dan piutang Grup terdiri dari kas dan setara kas, piutang usaha, piutang lain-lain jangka pendek, piutang lain-lain, dan aset tidak lancar lainnya pada laporan posisi keuangan.

*The Group's financial assets categorised as loans and receivables comprise cash and cash equivalents, trade receivable, other receivable, short-term other receivable and other non-current assets in the statement of financial position.*

## (ii) Aset keuangan yang tersedia untuk dijual

## (ii) Available-for-sale financial assets

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.

*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.*

Pada tanggal 31 Desember 2017 dan 2016, aset keuangan yang tersedia untuk dijual yang dimiliki Grup disajikan pada akun investasi jangka pendek pada laporan posisi keuangan.

*At December 31, 2017 and 2016, the Group's available-for-sale financial assets are presented as short-term investment on the statement of financial position.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**d. Aset keuangan (lanjutan)**

**d. Financial assets (continued)**

**1.2 Pengakuan dan pengukuran**

**1.2 Recognition and measurement**

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 laporan laba rugi. Aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi pada awalnya dicatat sebesar nilai wajar dan biaya transaksinya dibebankan pada laporan laba rugi.

*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 carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.*

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.

*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 ownership.*

Aset keuangan tersedia untuk dijual dan aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi selanjutnya dicatat sebesar nilai wajar.

*Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.*

Pinjaman yang diberikan dan piutang dicatat sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

*Loans and receivables are carried at amortised cost using the effective interest method.*

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 laporan laba rugi sebagai "Pendapatan lain-lain" atau "Beban lain-lain".

*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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SIGNIFIKAN (lanjutan)2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)

## d. Aset keuangan (lanjutan)

## d. Financial assets (continued)

## 1.2 Pengakuan dan pengukuran (lanjutan)

1.2 Recognition and measurement  
(continued)

Ketika efek diklasifikasikan sebagai tersedia untuk dijual mengalami penurunan nilai, akumulasi penyesuaian nilai wajar yang diakui pada ekuitas dimasukkan ke dalam laporan laba rugi sebagai bagian dari "Pendapatan lain-lain" atau "Beban lain-lain".

*When securities classified as available-for-sale are impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as part of "Other income" or "Other expenses".*

Bunga atas efek yang tersedia untuk dijual dihitung dengan menggunakan metode bunga efektif yang diakui pada laporan laba rugi sebagai "Pendapatan keuangan". Dividen dari instrumen ekuitas yang tersedia untuk dijual diakui pada laporan laba rugi sebagai bagian dari "Pendapatan lain-lain" atau "Beban lain-lain" ketika hak Grup untuk menerima pembayaran sudah ditetapkan. Pada tanggal 31 Desember 2017 dan 2016, Grup tidak memiliki investasi pada ekuitas yang diklasifikasikan sebagai tersedia untuk dijual.

*Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss as part of "Finance income". Dividends on available-for sale equity instruments are recognised in profit or loss as part of "Other income" or "Other expenses" when the Group's right to receive payments is established. As December 31, 2017 and 2016, Group has no investment in equity classified as available-for-sale.*

## e. Instrumen keuangan disalinghapus

## e. Offsetting financial instruments

Aset keuangan dan liabilitas keuangan disalinghapuskan dan jumlah netonya dilaporkan pada laporan posisi keuangan 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.

*Financial assets and liabilities are offset and the net amount is reported in the statement 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. Instrumen keuangan derivatif

## f. Derivative financial instruments

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 dilindungi nilai.

*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.*

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.

*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.*

Grup tidak memiliki instrumen keuangan derivatif yang ditetapkan sebagai instrumen lindung nilai per 31 Desember 2017 dan 2016.

*The Group has no derivative financial instruments which designated as hedge as at December 31, 2017 and 2016.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**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.

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 laporan 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 laporan laba rugi.

**h. Kas dan setara kas**

Pada laporan arus kas konsolidasian, kas dan setara kas mencakup kas, simpanan yang sewaktu-waktu bisa dicairkan dan investasi jangka pendek lainnya dengan yang jatuh tempo dalam waktu 3 bulan atau kurang.

**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 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.*

*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.*

**h. Cash and cash equivalents**

*In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
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**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. Jika pembayaran piutang lain-lain diharapkan selesai dalam satu tahun atau kurang, piutang tersebut dikelompokkan sebagai aset lancar. Jika tidak, piutang tersebut disajikan sebagai aset tidak 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 dalam "Beban distribusi dan transmisi" untuk piutang usaha dan "Beban umum dan administrasi" untuk piutang lain-lain. Ketika piutang usaha dan piutang non-usaha, yang rugi penurunan nilainya telah diakui, tidak dapat ditagih pada periode selanjutnya, maka piutang tersebut dihapusbukukan dengan mengurangi akun penyisihan. Jumlah yang selanjutnya dapat ditagih kembali atas piutang yang sebelumnya telah dihapusbukukan, diakui pada "Pendapatan lain-lain" pada laporan 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. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-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. Debts 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 in profit or loss within "Distribution and transmission expenses" for trade receivables and "General and administrative expenses" for other receivable. When a trade and non-trade 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. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**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.

**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. 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 laporan laba rugi dan penghasilan komprehensif lain konsolidasian pada saat terjadinya.

**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 the consolidated statements of income and other comprehensive income as incurred.*

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:

*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:*

	<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.

*Land are stated at cost and not amortised as the management is of the opinion that it is probable the titles of land rights can be renewed/extended upon expiration.*

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.

*The legal cost of land rights in the form of Building Usage Rights ("HGB") incurred when the land was acquired initially 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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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 laporan laba rugi pada tahun aset tersebut dihentikan pengakuannya.

Pada setiap akhir periode/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 laporan 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.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
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**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 the statements of income 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 period/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 titles used to carry out the joint operation activities. Office building 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 the 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. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**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 selesainya secara substansi seluruh aktivitas yang diperlukan untuk mempersiapkan aset kualifikasian agar dapat digunakan sesuai dengan maksudnya.

**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 substantially all the activities necessary to prepare the qualifying assets are completed for their intended use.*

**l. Aset eksplorasi dan evaluasi**

Kelompok Usaha 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.

**l. Exploration and evaluation assets**

*The Group adopted SFAS No. 64, "Activity of Exploration and Evaluation of Mineral Resources", 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 oil and gas are extracted separately capitalised and presented as part of "Exploration and Evaluation Assets" in the consolidated statement of financial position.*

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:

*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:*

- 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*.

- *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 in the related area of interest is ongoing; or*
- *These costs are expected to be recouped through successful development and exploitation of the area of interest or through a sales area of interest.*



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**l. Aset eksplorasi dan evaluasi (lanjutan)**

**l. Exploration and evaluation assets  
(continued)**

Aset eksplorasi dan evaluasi yang ditangguhkan terdiri dari biaya-biaya yang terjadi setelah izin eksplorasi diperoleh dan sebelum dimulainya pengembangan *area of interest* antara lain mencakup akumulasi biaya yang terkait dengan penyelidikan umum, administrasi dan perizinan, geologi, dan geofisika.

*Exploration and evaluation costs include accumulated deferred costs associated with the general investigation, administration and licensing, and geological and geophysical costs incurred to develop a mine prior to the commencement of commercial production.*

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 bumi pada saat kelayakan teknis dan komersialitas dari minyak dan gas yang diekstraksi tersebut dapat dibuktikan.

*Exploration and evaluation assets are assessed to decline 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 determined.*

**m. Properti minyak dan gas bumi**

**m. Oil and gas properties**

**1. Aset pengembangan**

**1. Development assets**

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.

*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.*

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.

*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. Aset produksi**

**2. Production assets**

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 sejak dimulainya produksi komersialnya dari masing-masing lapangan.

*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 reserves, from the date of commercial production of the respective field.*

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SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**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 revaluasian sesuai dengan PSAK lain. Rugi penurunan nilai yang diakui atas goodwill tidak dapat dibalik kembali.

**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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SIGNIFIKAN (lanjutan)2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)

## p. Utang usaha dan utang lain-lain

## p. Trade and other payables

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.

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.

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.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## q. Pinjaman

## q. Borrowings

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 laporan laba rugi selama periode pinjaman dengan menggunakan metode bunga efektif.

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.

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 untuk jasa likuiditas dan di amortisasi selama periode fasilitas yang terkait.

Fees paid on the establishment of 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 pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 laporan laba rugi.

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.

Pinjaman diklasifikasikan sebagai liabilitas jangka pendek kecuali Grup memiliki hak tanpa syarat untuk menunda pembayaran liabilitas selama paling tidak 12 bulan setelah tanggal pelaporan.

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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**q. Pinjaman (lanjutan)**

Pengakuan pinjaman yang diperoleh Pemerintah dari penerusan pinjaman dilakukan berdasarkan otorisasi penarikan atau dokumen lainnya yang sejenis, yang diterbitkan oleh pemberi pinjaman. Pinjaman terutang dalam mata uang pinjaman yang diberikan.

**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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**q. Borrowings (continued)**

*The recognition of borrowings obtained by the Government from lenders is based on the withdrawal authorisation or other similar documents issued by the lenders. The loans are payable in their original currencies.*

**r. Leases**

*The Group has entered into arrangement that contain lease 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.*

Group as a lessee

*A finance lease that transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item, is capitalised at the commencement of the lease at the fair value of the finance lease 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 straightline basis over the lease term.*

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**r. Sewa (lanjutan)**

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 konsolidasi sebesar jumlah yang sama dengan investasi sewa neto.

Pemberi sewa yang memproduksi aset sewa 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.

**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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**r. Leases (continued)**

Group as a lessor

*Under finance lease, where the Group transfers substantially all the risks and reward incidental to the ownership of the leased item, the Group recognised asset held under lease in the consolidated statement of financial position and present them as a receivable at an amount equal to the net investment in the lease.*

*Lessor that produces leased asset recognised gain or loss from such transfer in accordance with the policy followed by the entity 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.*

**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 postemployment 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.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**s. Imbalan kerja (lanjutan)**

**s. Employee benefits (continued)**

**ii. Imbalan pensiun dan imbalan pascakerja  
lainnya (lanjutan)**

**ii. Pension benefits and other  
postemployment benefits (continued)**

Liabilitas imbalan pensiun merupakan nilai kini kewajiban imbalan pasti pada tanggal neraca dikurangi dengan nilai wajar aset program. Kewajiban imbalan pasti dihitung sekali setahun 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.

*The pension benefit obligation is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually 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.*

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 periode terjadinya.

*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 period in which they arise.*

Biaya jasa lalu diakui secara langsung di laba-rugi. Keuntungan dan kerugian dari kurtailmen atau penyelesaian program manfaat pasti diakui di laba rugi ketika kurtailmen atau penyelesaian tersebut terjadi.

*Past service costs are recognised immediately in profit or loss statements of income. 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.*

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/pendapatan pada laporan laba rugi.

*The Group also provides other postemployment 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/income on the profit or loss.*

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SIGNIFIKAN (lanjutan)2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)

## s. Imbalan kerja (lanjutan)

## s. Employee benefits (continued)

## iii. Program imbalan iuran pasti

## iii. Defined contribution benefit program

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 Perusahaan dan Dana Pensiun Lembaga Keuangan. Selisih antara premi pertanggung dengan kontribusi karyawan ditanggung oleh Perusahaan.

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 Company and Financial Institution Pension Fund. The remaining balance of the premium is borne by the Company.

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.

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. Liabilitas pembongkaran aset dan restorasi area

## t. Asset abandonment and site restoration obligation

Grup mengakui liabilitas pembongkaran dan pemindahan 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.

The Group recognises its obligations for future dismantlement and transfer 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.

Estimasi awal biaya pembongkaran dan pemindahan aset minyak dan gas bumi dan restorasi area aset diakui sebagai komponen biaya perolehan, yang disusutkan/didepresiasi dengan menggunakan metode satuan unit produksi yang sejalan dengan tarif deplesi aset yang dipilih.

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/depleted using the unit-of-production method in line with the selected assets depletion rate.

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SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**t. Liabilitas pembongkaran aset dan restorasi  
area (lanjutan)**

Pada umumnya, aktivitas pembongkaran dan pemindahan aset dan restorasi area fasilitas produksi minyak dan gas, sumur, pipa saluran dan aset terkait baru akan terjadi pada beberapa tahun kemudian di masa yang akan datang. Provisi atas liabilitas pembongkaran dan pemindahan aset, 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 dan pemindahan aset dan restorasi area tersebut, sesuai dengan ketentuan hukum yang berlaku pada tanggal pelaporan. Perkiraan liabilitas pembongkaran dan pemindahan 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 direviu setiap periode/tahun dan disesuaikan bila diperlukan. Penyesuaian dicerminkan dalam nilai kini atas provisi liabilitas pembongkaran dan pemindahan aset dan restorasi area pada tanggal laporan posisi keuangan konsolidasian, dimana juga dilakukan penyesuaian dengan jumlah yang sama atas nilai buku aset yang bersangkutan.

Pembalikan dari efek diskonto dalam penghitungan provisi diakui sebagai beban keuangan.

**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.

**t. Asset abandonment and site restoration  
obligation (continued)**

*In most instances, the dismantlement and transfer 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 and transfer of assets and aset restoration obligation is the best estimate of the present value of the future expenditures required to undertake the dismantlement and transfer of assets and site restoration obligation at the reporting date, based on current legal requirements. The estimate future dismantlement and transfer of assets and site restoration obligation, therefore, requires management to make judgements regarding the timing of removal and transfer, the extent of restoration activities required and future removal and restoration technologies.*

*Such estimates are reviewed on an periodical/annual basis and adjusted each period/year as required. Adjustments are reflected in the present value of the dismantlement and transfer of assets and site restoration obligation provision at the consolidated statement of financial position date with a corresponding change in the book value of the associated asset.*

*The unwinding of the effect of discounting the provision is recognised as a finance cost.*

**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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SIGNIFIKAN (lanjutan)2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)

## u. Modal saham (lanjutan)

## u. Share capital (continued)

Ketika entitas 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.

Where any Group company 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 Company'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 Company's equity holders.

## v. Pendapatan dan beban

## v. Revenue and expense

Pendapatan Grup berasal dari kegiatan distribusi gas bumi, jasa transmisi gas bumi, penjualan minyak mentah, gas bumi, *Liquid Petroleum Gas* ("LPG"), *Liquefied Natural Gas* ("LNG"), dan jasa lainnya.

Revenue of the Group are earned from natural gas distribution, natural gas transmission services, sale of crude oil and natural gas, *Liquid Petroleum Gas* ("LPG"), *Liquefied Natural Gas* ("LNG"), and other services.

Pendapatan dari distribusi gas bumi dan jasa transmisi gas bumi diakui pada saat gas telah didistribusikan atau dikirim kepada pelanggan berdasarkan pencatatan pada alat meter gas.

Revenues from gas distribution and toll fees from gas transmission are recognised when the gas is distributed or transmitted to the customers based on the gas meter readings.

Pendapatan sehubungan dengan pengoperasian aset dan jaringan pipa transmisi diakui setelah jasa diberikan, dan diukur sebesar satuan gas yang telah diangkut selama suatu periode.

Revenue arising from the operation of the asset 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.

Pendapatan penjualan minyak mentah dan gas bumi diakui berdasarkan kepemilikan entitas secara konsolidasi pada lapangan produksi (metode "*entitlement*"), ketika barang secara fisik dan risiko dan manfaat terkait telah berpindah kepada pembeli, yang secara umum adalah pada saat dimuat ke kapal atau truk, atau pada saat barang memasuki saluran pipa.

Crude oil and natural gas sales revenue is recognised on the basis of the consolidated entity's interest in a producing field ("*entitlements*" method), when the physical product and associates risks and rewards of ownership pass to the purchaser, which is generally at the time of ship or truck loading, or on the product entering the pipeline.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**v. Pendapatan dan beban (lanjutan)**

**v. Revenue and expense (continued)**

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 hutang 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).

*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 Company's 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).*

Pendapatan dari jasa lainnya diakui pada saat jasa diserahkan atau secara signifikan diberikan dan manfaat jasa tersebut telah dinikmati oleh pelanggan.

*Revenues from other services are recognised when the services are rendered or significantly provided and the benefits have been received by the customers.*

Beban diakui pada saat terjadinya dengan menggunakan metode akrual.

*Expenses are recognised as incurred on an accrual basis.*

**w. Perpajakan**

**w. Taxation**

Beban pajak terdiri dari pajak kini dan pajak tangguhan. Pajak diakui dalam laporan 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.

*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.*

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.

*The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. 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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POLICIES (continued)

## w. Perpajakan (lanjutan)

## w. Taxation (continued)

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 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.

*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 financial statements. 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.*

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.

*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.*

Atas perbedaan temporer dalam investasi pada entitas anak dibentuk pajak penghasilan tangguhan, kecuali untuk liabilitas pajak penghasilan tangguhan dimana saat pembalikan perbedaan sementara dikendalikan oleh Grup dan sangat mungkin perbedaan temporer tersebut tidak akan dibalik di masa mendatang.

*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.*

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.

*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. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**w. Perpajakan (lanjutan)**

**w. Taxation (continued)**

Kekurangan/kelebihan pembayaran pajak penghasilan disajikan sebagai bagian dari "Beban Pajak Kini" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Grup juga menyajikan bunga/denda, jika ada, sebagai bagian dari "Beban Pajak Kini".

*The underpayment/overpayment of income tax is presented as part of "Tax Expense - Current" in the consolidated statement of profit or loss and other comprehensive income. The Group also presented interest/penalty, if any, as part of "Tax Expenses - Current".*

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.

*The subsidiary 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 more than 40% of the Company's shares are listed on the Indonesian Stock Exchange.*

**x. Laba bersih per saham**

**x. Earnings per share**

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 tahun yang bersangkutan.

*Basic earnings per share are calculated by dividing net income by the weighted average number of ordinary shares outstanding during the year.*

Pada tanggal 31 Desember 2017 dan 2016, tidak ada efek yang berpotensi menjadi saham biasa. Oleh karena itu, laba per saham dilusian sama dengan laba per saham dasar.

*As at December 31, 2017 and 2016, 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. Dividen**

**y. Dividend**

Pembagian dividen kepada pemegang saham Grup diakui sebagai liabilitas dalam laporan keuangan konsolidasian Grup dalam periode dimana pembagian dividen diumumkan.

*Dividends distributed to the Group's shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are declared.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**z. Segmen operasi**

**z. Operating segment**

Sebuah segmen operasi adalah sebuah komponen dari perusahaan yang:

*An operating segment is a component of an entity:*

- 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.

- 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.*

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. Dewan Direksi adalah pengambil keputusan operasional Grup. Segmentasi berdasarkan jenis produk. Seluruh transaksi antar segmen telah dieliminasi.

*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. The Board of Directors is the Group's chief operating decision-maker. The segments are based on the type of products. All transactions between segments have been eliminated.*

**aa. Transaksi dengan Pihak Berelasi**

**aa. Transactions with Related Parties**

Grup mempunyai transaksi dengan pihak berelasi sebagaimana didefinisikan pada PSAK No. 7 (Revisi 2015).

*The Group has transactions with related parties as defined in SFAS No. 7 (Revised 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.

*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.

**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. Cost 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. 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.

**Pertimbangan penting dalam penentuan kebijakan  
akuntansi entitas**

**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 jasa yang diberikan serta mempertimbangkan indikator lainnya dalam menentukan mata uang yang paling tepat menggambarkan pengaruh ekonomi dari transaksi, kejadian dan kondisi yang mendasari.

**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.*

**Critical judgements in applying the entity's  
accounting policies**

**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 gas sales and rendering services 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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ESTIMATES AND ASSUMPTION (continued)Pertimbangan penting dalam penentuan kebijakan  
akuntansi entitas (lanjutan)Critical judgements in applying the entity's  
accounting policies (continued)

## b. Pengaturan bersama (lanjutan)

## b. Joint arrangements (continued)

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.

*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.*

Grup menetapkan bahwa aktivitas relevan bagi Grup untuk pengaturan bersama adalah aktivitas yang berhubungan dengan keputusan keuangan, operasional dan modal dari pengaturan tersebut.

*The Group has determined that the relevant activities for its joint arrangements are those relating to the financial, operating and capital decisions of the arrangement.*

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:

*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) 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.

- (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.*

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.

*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.*

## c. Sewa

## c. Lease

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.

*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.*

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI  
AKUNTANSI SIGNIFIKAN (lanjutan)**

**Pertimbangan penting dalam penentuan kebijakan  
akuntansi entitas (lanjutan)**

**c. Sewa (lanjutan)**

Sehubungan dengan perjanjian antara PLI dengan PT Hoegh LNG Lampung ("Hoegh Lampung") untuk penggunaan fasilitas FSRU Lampung (Catatan 38), manajemen mengevaluasi bahwa perjanjian tersebut mengandung sewa dan PLI sebagai lessee mengklasifikasikannya sebagai sewa operasi.

Sehubungan dengan perjanjian antara KJG dengan PT PLN (Persero) ("PLN") untuk pengangkutan gas dengan menggunakan jaringan pipa bawah laut dan fasilitas penerimaan didarat milik KJG ("GTA Kalija I") (Catatan 38), manajemen mengevaluasi bahwa perjanjian tersebut mengandung sewa dan KJG sebagai lessor mengklasifikasikannya sebagai sewa pembiayaan.

**d. Ketidakpastian eksposur perpajakan**

Berdasarkan peraturan perpajakan yang berlaku saat ini, manajemen mempertimbangkan apakah jumlah yang tercatat pada akun 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.

**Estimasi dan asumsi akuntansi yang penting**

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 jumlah tercatat aset dan liabilitas selama 12 bulan ke depan dipaparkan di bawah ini.

**3. SIGNIFICANT ACCOUNTING JUDGEMENT,  
ESTIMATES AND ASSUMPTION (continued)**

**Critical judgements in applying the entity's  
accounting policies (continued)**

**c. Lease (continued)**

*In relation to agreement entered into between PLI and PT Hoegh LNG Lampung ("Hoegh Lampung") for the use of Lampung FSRU (Note 38), management has evaluated that such agreement contains lease and PLI as a lessee classified it as operating lease.*

*In relation to agreement entered into 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 38), management has evaluated that such agreement contains lease and KJG as a lessor classified it as finance lease.*

**d. Uncertain tax exposure**

*Based on the tax regulations currently enacted, the management assessed if the amounts recorded under 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.*

**Critical accounting estimates and assumptions**

*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 carrying amounts of assets and liabilities within the next 12 months are addressed below.*



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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI  
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**Estimasi dan asumsi akuntansi yang penting  
(lanjutan)**

**a. 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 setara. Estimasi masa manfaat ditelaah minimal setiap akhir tahun 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 4 sampai dengan 20 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.

**b. 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,  
ESTIMATES AND ASSUMPTION (continued)**

**Critical accounting estimates and assumptions  
(continued)**

**a. Estimating useful lives of fixed assets**

*The Group estimates the useful lives of its fixed assets based on expected asset utilisation as anchored on 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 year-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 brought about by changes in the factors mentioned above.*

*The Group estimates the useful lives of these fixed assets to be within 4 to 20 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.*

**b. 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 existence reserves. 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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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI  
AKUNTANSI SIGNIFIKAN** (lanjutan)

**Estimasi dan asumsi akuntansi yang penting**  
(lanjutan)

**b. 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 laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

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.

**c. 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 yang digunakan dalam menentukan beban/(pendapatan) bersih untuk pensiun 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 tahun. Tingkat suku bunga inilah yang digunakan untuk menentukan nilai kini dari estimasi arus kas keluar masa depan yang akan dibutuhkan untuk memenuhi kewajiban pension 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)

**Critical accounting estimates and assumptions**  
(continued)

**b. Exploration and evaluation assets** (continued)

*Any such estimates and assumptions may change as 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 the consolidated statement of profit or loss and other comprehensive income.*

*Development activities commence after a project is sanctioned 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 capitalised exploration and evaluation expenditure.*

**c. 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. The assumptions used in determining the net cost/(income) for pensions include the discount rate, future salary increase, future remuneration changes, employee attrition rates, life expectancy and expected remaining periods of service of employees. Any changes in these assumptions will have an impact on the carrying amount of the pension obligation.*

*The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligation. 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 obligation.*

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(lanjutan)

## c. Imbalan kerja (lanjutan)

Untuk kenaikan gaji masa depan, Grup mengumpulkan data historis mengenai perubahan gaji dasar pekerja dan menyesuainya dengan perencanaan bisnis masa depan.

Asumsi kunci lainnya untuk kewajiban pensiun dan imbalan jangka panjang lainnya didasarkan sebagian pada kondisi pasar saat ini.

## d. 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 dan biaya yang diharapkan untuk membongkar dan memindahkan semua peralatan dari daerah pengeboran dan restorasi area dan waktu pelaksanaan pembongkaran dan pemindahan aset, serta restorasi area.

Aset pajak tangguhan, termasuk yang timbul dari rugi fiskal, provisi, dan perbedaan temporer, diakui hanya apabila dianggap lebih mungkin daripada tidak bahwa mereka dapat diterima kembali, dimana hal ini tergantung pada kecukupan pembentukan laba kena pajak di masa depan. Asumsi pembentukan laba kena pajak di masa depan bergantung pada estimasi manajemen untuk arus kas di masa depan. Hal ini bergantung pada estimasi volume penjualan barang atau jasa, harga, biaya operasi, belanja modal, dan transaksi manajemen lainnya di masa depan.

3. SIGNIFICANT ACCOUNTING JUDGEMENT,  
ESTIMATES AND ASSUMPTION (continued)Critical accounting estimates and assumptions  
(continued)

## c. 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 for future business plan.

Other key assumptions for pension obligation and other long-term benefits are based in part on current market conditions.

## d. Asset abandonment and site restoration obligations

The Group has 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, assumptions and estimates are required in relation to discount rates and the expected cost to dismantle and remove all the structures from the site and restore the site and timing of dismantlement and restoration of the area.

Deferred tax assets, including those arising from unrecouped 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 generation of sufficient 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 volumes or sales of service, prices, operating costs, capital expenditure, and other future transactions.

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**Estimasi dan asumsi akuntansi yang penting  
(lanjutan)**

**f. Penurunan nilai aset keuangan**

Pada setiap tanggal laporan posisi keuangan, 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 peminjam;
- 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.

**g. 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.

**3. SIGNIFICANT ACCOUNTING JUDGEMENT,  
ESTIMATES AND ASSUMPTION (continued)**

**Critical accounting estimates and assumptions  
(continued)**

**f. 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 interest or 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.*

**g. Impairment of non-financial assets**

*In accordance with the Group's accounting policy, each asset or cash generating unit is evaluated every 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.*

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ESTIMATES AND ASSUMPTION (continued)Estimasi dan asumsi akuntansi yang penting  
(lanjutan)Critical accounting estimates and assumptions  
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## g. Penurunan nilai aset nonkeuangan (lanjutan)

g. Impairment of non-financial assets  
(continued)

Aset yang memiliki masa manfaat yang terbatas, seperti goodwill atau aset tak berwujud yang belum siap untuk digunakan, tidak diamortisasi dan diuji setiap tahun untuk penurunan nilai.

Assets that have an indefinite useful-life for example, goodwill or intangible assets not ready to use - are not subject to amortisation and are tested annually for impairment.

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. Nilai terpulihkan aset ditentukan berdasarkan nilai yang lebih besar antara nilai wajar aset dikurangi biaya untuk menjual dan nilai pakainya.

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. The recoverable amount of an asset is determined as the greater of an asset's fair value less cost to sell and value in use.

Penentuan nilai wajar dan nilai pakai membutuhkan 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 aset yang dapat dipulihkan kembali. 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 laporan laba-rugi.

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 the profit or loss.

## h. Estimasi cadangan

## h. Reserve estimates

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.

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.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI  
AKUNTANSI SIGNIFIKAN (lanjutan)**

**Estimasi dan asumsi akuntansi yang penting  
(lanjutan)**

**h. Estimasi cadangan (lanjutan)**

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 laporan 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.
- Nilai tercatat aset/liabilitas pajak tangguhan dapat berubah karena perubahan estimasi pemulihan manfaat pajak.

**i. Nilai wajar atas aset bersih teridentifikasi yang diperoleh dari akuisisi bisnis dan imbalan kontijensi**

Nilai wajar atas aset bersih teridentifikasi yang diperoleh dari akuisisi bisnis dan imbalan kontijensi ditentukan dengan menggunakan teknik penilaian. Grup menggunakan pertimbangan tertentu dalam memilih suatu metode dan membuat asumsi-asumsi yang didasarkan pada kondisi pasar pada tanggal akuisisi. Berdasarkan standar akuntansi yang relevan, nilai wajar tersebut mungkin disesuaikan dalam waktu dua belas bulan sejak tanggal akuisisi (lihat Catatan 4).

**3. SIGNIFICANT ACCOUNTING JUDGEMENT,  
ESTIMATES AND ASSUMPTION (continued)**

**Critical accounting estimates and assumptions  
(continued)**

**h. Reserve estimates (continued)**

*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:*

- *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.*
- *The carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.*

**i. Fair value of identifiable net assets acquired from business combination and contingent consideration**

*The fair value of identifiable net assets acquired from the business combination and contingent consideration is determined using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the acquisition date. In accordance with the relevant accounting standard, the fair value may be adjusted within twelve months of the acquisition date (see Note 4).*

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**4. AKUISISI**

**a. 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 Sanga-sanga PSC.

Kesepakatan imbalan kontinjensi memungkinkan Grup membayar secara kas kepada pemilik lama BPEK dan Unimar maksimum sebesar USD42.000.000, apabila harga aktual minyak melebihi proyeksi harga minyak per Brent selama periode tiga tahun dari 2016-2019, Grup mendapatkan perpanjangan PSC Sanga-Sanga di tahun 2018, dan kewajiban lain yang harus dibayar oleh Grup hingga akhir masa PSC. Nilai wajar kesepakatan imbalan kontinjensi pada tanggal akuisisi adalah sebesar USD1.874.918. Pada tanggal 31 Desember 2017 Grup telah menempatkan jaminan bank sebesar USD11.752.000 melalui PT Bank Sumitomo Mitsui Indonesia (Catatan 5b) dan membayarkan Refundable Security Deposit sebesar USD30.000.000 kepada pemilik lama BPEK dan Unimar (Catatan 10).

Di April 2017, Grup menempatkan kas yang dibatasi penggunaannya sebesar USD18.000.000 di BNP Paribas yang akan digunakan untuk membayar kepada pemilik lama BPEK dan Unimar apabila Grup mendapatkan perpanjangan PSC Sanga-Sanga di tahun 2018.

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**4. ACQUISITION**

**a. 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 has been changed to SESL.*

*BPEK is an unlisted company with ownership of 26.25% participating interest of Sanga-sanga PSC.*

*The contingent consideration arrangement may require the Group to pay USD42,000,000 in cash to the former owners of BPEK and Unimar of when the actual oil price exceeds the Brent forward price for three years from 2016-2019, the Group obtains an extension of Sanga-Sanga PSC in 2018 and other obligation which should be paid by the Group until the end of PSC. The fair value as the contingent consideration arrangement as at the acquisition date was amounting to USD1,874,918. At 31 December, 2017 the Group has placed a bank guarantee in the amount of USD11,752,000 at PT Bank Sumitomo Mitsui Indonesia (Note 5b) and has paid Refundable Security Deposits of USD30,000,000 to the former owners of BPEK and Unimar (Note 10).*

*In April 2017, the Group has placed restricted cash in the amount of US\$18,000,000 at BNP Paribas which will be used to pay to the former owners of BPEK and Unimar if the Group obtained an extension of Sanga-Sanga PSC in 2018.*

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**4. AKUISISI (lanjutan)**

**a. Akuisisi SESL (dahulu British Petroleum East Kalimantan Pte. Ltd, ("BPEK")) (lanjutan)**

Tabel berikut merangkum harga perolehan akuisisi SESL, serta jumlah aset yang diperoleh dan liabilitas yang diambil alih pada tanggal akuisisi.

	<b>17 November/ November 2016</b>
Imbalan pembelian yang dialihkan	
- Kas yang dibayar	35,725,082
- Imbalan kontinjensi	<u>1,874,918</u>
Jumlah imbalan yang dialihkan	<u>37,600,000</u>
Jumlah aset dan liabilitas yang diakui:	
Kas dan setara kas	11,928,811
Piutang usaha	31,763,666
Piutang lain-lain	553,477
Persediaan	17,497,393
Beban dibayar dimuka	21,320,848
Properti minyak dan gas	35,100,000
Utang lain-lain	(16,495,093)
Liabilitas yang masih harus dibayar	(14,574,150)
Utang pajak	(21,105,752)
Liabilitas imbalan pascakerja	(2,479,761)
Liabilitas pajak tangguhan	(10,396,070)
Provisi lain-lain	<u>(8,270,000)</u>
Nilai wajar aset neto teridentifikasi	<u>44,843,369</u>
Keuntungan pembelian dengan diskon	<u>(7,243,369)</u>

Tabel berikut ini merupakan rekonsiliasi arus kas yang dibayarkan dan diperoleh atas akuisisi SESL.

	<b>17 November/ November 2016</b>
Imbalan kas yang dibayar	
Dikurangi saldo kas yang diperoleh:	
- Kas dan setara kas	<u>(11,928,811)</u>
Arus kas keluar untuk kombinasi bisnis	<u>23,796,271</u>

Biaya terkait akuisisi telah dibebankan pada beban administrasi dan umum pada laporan laba rugi untuk tahun yang berakhir pada 31 Desember 2016.

Pada tahun yang berakhir 31 Desember 2016, pendapatan dan rugi SESL yang termasuk dalam laporan laba rugi sejak 17 November 2016 masing-masing sebesar USD9.770.067 dan USD4.868.995.

**4. ACQUISITION (continued)**

**a. Acquisition of SESL (formerly British Petroleum East Kalimantan Pte. Ltd., ("BPEK")) (continued)**

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.

	<b>17 November/ November 2016</b>
Purchase consideration transferred	
Cash paid -	
Contingent consideration -	
Total consideration transferred	
Recognised amount of assets and liabilities:	
Cash and cash equivalents	
Trade receivables	
Other receivables	
Inventories	
Prepaid expenses	
Oil and gas properties	
Other payables	
Accrued expenses	
Taxes payable	
Post-employment benefit obligation	
Deferred tax liabilities	
Other provisions	
Total identifiable net assets at fair values	
Gain on bargain purchase	

The following table is the reconciliation of cash paid and acquired from the acquisition of SESL.

	<b>17 November/ November 2016</b>
Cash consideration paid	
Less balance of cash acquired:	
Cash and cash equivalents -	
Cash outflow used for business combination	

Acquisition related costs have been charged to general and administrative expenses in profit or loss for the year ended December 31, 2016.

For the year ended at December 31, 2016, the revenue and loss included in profit or loss since November 17, 2016 contributed by SESL were amounting to USD9,770,067 and USD4,868,995.



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## 4. AKUISISI (lanjutan)

## a. Akuisisi SESL (dahulu British Petroleum East Kalimantan Pte. Ltd, ("BPEK")) (lanjutan)

Pada tahun yang berakhir 31 Desember 2016, jika SESL dikonsolidasi sejak 1 Januari 2016, maka laba-rugi akan menunjukkan pendapatan proforma senilai USD92.517.999 dan rugi proforma USD22.740.456.

Manajemen berpendapat bahwa transaksi kombinasi bisnis yang dilakukan oleh Grup telah sesuai dengan peraturan OJK.

Akuisisi blok Sanga-Sanga ini menggunakan asumsi bahwa PSC Sanga-Sanga akan berakhir di Agustus 2018.

## b. Akuisisi SIPBV (dahulu Kufpec Indonesia Pangkah B.V, "KIP")

Pada tanggal 26 Juni 2013, SEI telah melakukan akuisisi atas 100% kepemilikan saham pada KIP dari Kuwait Foreign Petroleum Exploration Company K.S.C.. Imbalan pembelian SIP senilai USD259.851.818 terdiri dari akuisisi saham sebesar USD74.276.826 dan pengalihan piutang sebesar USD185.574.992. Pada tanggal 17 Juli 2013, KIP telah berganti nama menjadi SIPBV.

Tabel berikut merangkum harga perolehan akuisisi SIPBV dan jumlah aset yang diperoleh dan liabilitas yang diambil alih pada tanggal akuisisi.

	<b>26 Juni/ June 2013</b>
Imbalan pembelian yang dialihkan	<u>259,851,818</u>
Jumlah aset dan liabilitas yang diakui:	
Kas dan setara kas	23,587
Piutang lain-lain	25,318,546
Persediaan	7,577,980
Beban dibayar dimuka	4,810,491
Uang muka pajak	11,921,146
Properti minyak dan gas	243,256,222
Goodwill	35,533,125
Utang lain-lain	(29,034,949)
Liabilitas imbalan pascakerja	(1,238,787)
Utang kepada pihak berelasi	(8,459,834)
Liabilitas pajak tangguhan	(12,605,626)
Liabilitas pembongkaran aset dan restorasi area	<u>(17,250,083)</u>
Nilai wajar aset neto teridentifikasi	<u>259,851,818</u>

## 4. ACQUISITION (continued)

## a. Acquisition of SESL (formerly British Petroleum East Kalimantan Pte. Ltd., ("BPEK")) (continued)

For the year ended at December 31, 2016, had SESL been consolidated from January 1, 2016, profit or loss would have shown proforma revenue of USD92,517,999 and proforma loss of USD22,740,456.

Management believes that the business combination transaction entered into by the Group was in compliance with the relevant OJK regulations.

This Sanga-Sanga block acquisitions use an assumption that Sanga-Sanga PSC will expire in August 2018.

## b. Acquisition of SIPBV (formerly Kufpec Indonesia Pangkah B.V, "KIP")

On June 26, 2013, SEI acquired 100% ownership share in KIP from Kuwait Foreign Petroleum Exploration Company K.S.C.. The purchase consideration transferred amounting to USD259,851,818 consist of acquisition on SIP's share amounting to USD74,276,826 and transfer of receivables amounting to USD185,574,992. On July 17, 2013, KIP's name has been changed to SIPBV.

The following table summarises the consideration paid for acquisition of SIPBV and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	<i>Purchase consideration transferred</i>
	<i>Recognised amount of assets and liabilities:</i>
	<i>Cash and cash equivalents</i>
	<i>Other receivables</i>
	<i>Inventories</i>
	<i>Prepaid expenses</i>
	<i>Prepaid taxes</i>
	<i>Oil and gas properties</i>
	<i>Goodwill</i>
	<i>Other payables</i>
	<i>Post-employment benefit obligation</i>
	<i>Loan to related parties</i>
	<i>Deferred tax liabilities</i>
	<i>Asset abandonment and restoration obligations</i>
	<i>Total identifiable net assets at fair values</i>

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**4. AKUISISI (lanjutan)**

**c. Akuisisi SIPL (dahulu Hess (Indonesia Pangkah) Limited, "HIPL")**

Pada tanggal 10 Januari 2014, SIPBV telah melakukan akuisisi atas 100% kepemilikan saham pada HIPL dari pemilik saham lama, yaitu Hess Oil and Gas Holding Inc. dan Hess NWE Holdings, dengan imbalan pembelian yang dialihkan sebesar USD564.763.242 yang terdiri dari akuisisi saham sebesar USD27.429.910 dan pengalihan piutang oleh SEI sebesar USD537.333.332. Selanjutnya pada tanggal 16 Januari 2014, HIPL berganti nama menjadi SIPL.

Tabel berikut merangkum harga perolehan akuisisi SIPL dan jumlah aset yang diperoleh dan liabilitas yang diambil alih pada tanggal akuisisi.

**4. ACQUISITION (continued)**

**c. Acquisition of SIPL (formerly Hess (Indonesia Pangkah) Limited, "HIPL")**

On January 10, 2014, SIPBV acquired 100% equity interests in HIPL from the previous owner Hess Oil and Gas Holding Inc. and Hess NWE Holdings, with the purchase consideration transferred of USD564,763,242 respectively, which consist of acquisition of shares amounted to USD27,429,910 and handover of receivable by SEI amounted to USD537,333,332. Subsequently on January 16, 2014, HIPL have changed its names to SIPL.

The following table summarises the consideration paid for acquisition of SIPL and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	<u>10 Januari/ January 2014</u>	
Imbalan pembelian yang dialihkan	<u>564,763,242</u>	<i>Purchase consideration transferred</i>
Jumlah aset dan liabilitas yang diakui:		<i>Recognised amount of assets and liabilities:</i>
Kas dan setara kas	19,416,567	<i>Cash and cash equivalents</i>
Piutang	49,081,311	<i>Receivables</i>
Persediaan	16,759,843	<i>Inventories</i>
Properti minyak dan gas	587,602,431	<i>Oil and gas properties</i>
Aset lain-lain	20,766,211	<i>Other assets</i>
Goodwill	39,341,881	<i>Goodwill</i>
Utang usaha	(11,025,387)	<i>Trade payables</i>
Utang lain-lain	(5,597,872)	<i>Other payables</i>
Utang pajak	(38,666,939)	<i>Tax payables</i>
Liabilitas imbalan pascakerja	(6,286,448)	<i>Post-employment benefits obligation</i>
Liabilitas yang masih harus dibayar	(54,937,250)	<i>Accrued liabilities</i>
Liabilitas pajak tangguhan	(20,433,594)	<i>Deferred tax liabilities</i>
Liabilitas pembongkaran aset dan restorasi area	<u>(31,257,512)</u>	<i>Asset abandonment and restoration obligations</i>
Nilai wajar aset neto teridentifikasi	<u>564,763,242</u>	<i>Total identifiable net assets at fair values</i>

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## 4. AKUISISI (lanjutan)

## 4. ACQUISITION (continued)

d. Akuisisi SPLLC (dahulu Hess Pangkah LLC,  
"HPLLC")d. Acquisition of SPLLC (formerly Hess  
Pangkah LLC, "HPLLC")

Pada tanggal 10 Januari 2014, SIPBV telah melakukan akuisisi atas 100% kepemilikan saham pada HPLLC dari pemilik saham lama, yaitu Hess Oil and Gas Holding Inc. dan Hess NEW Holdings, dengan imbalan pembelian yang dialihkan sebesar USD89.501.000, yang terdiri dari akuisisi saham sebesar USD29.424.980 serta pengalihan piutang oleh SEI sebesar USD60.076.020. Selanjutnya pada tanggal 16 Januari 2014, HPLLC berganti nama menjadi SPLLC.

On January 10, 2014, SIPBV acquired 100% equity interests in HPLLC from the previous owner Hess Oil and Gas Holding Inc. and Hess NWE Holdings, with the purchase consideration transferred of USD89,501,000, which consist of acquisition of shares amounted to USD29,424,980 and assignment of receivable by SEI amounted to USD60,076,020, respectively. Subsequently on January 16, 2014, HPLLC have changed its names to SPLLC.

Tabel berikut merangkum harga perolehan akuisisi SPLLC dan jumlah aset yang diperoleh dan liabilitas yang diambil alih pada tanggal akuisisi.

The following table summarises the consideration paid for acquisition of SPLLC and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	<u>10 Januari/ January 2014</u>	
Imbalan pembelian yang dialihkan	<u>89,501,000</u>	<i>Purchase consideration transferred</i>
Jumlah aset dan liabilitas yang diakui:		<i>Recognised amount of assets and liabilities:</i>
Kas dan setara kas	950,648	<i>Cash and cash equivalents</i>
Piutang	4,390,062	<i>Receivables</i>
Persediaan	2,652,939	<i>Inventories</i>
Beban dibayar di muka	122,180	<i>Prepaid expenses</i>
Properti minyak dan gas	90,400,374	<i>Oil and gas properties</i>
Goodwill	13,128,019	<i>Goodwill</i>
Utang usaha	(1,306,286)	<i>Trade payables</i>
Utang pajak	(5,880,879)	<i>Tax payables</i>
Liabilitas imbalan pascakerja	(628,645)	<i>Post-employment benefits obligation</i>
Liabilitas yang masih harus dibayar	(8,495,588)	<i>Accrued liabilities</i>
Liabilitas pajak tangguhan	(1,022,976)	<i>Deferred tax liability</i>
Liabilitas pembongkaran aset dan restorasi area	<u>(4,808,848)</u>	<i>Asset abandonment and restoration obligations</i>
Nilai wajar aset neto teridentifikasi	<u><u>89,501,000</u></u>	<i>Total identifiable net assets at fair values</i>

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**4. AKUISISI (lanjutan)**

**e. Akuisisi SEML (dahulu SROL)**

Pada tanggal 23 Oktober 2014, SEI, melalui SEEPBV menandatangani Perjanjian Jual Beli 100% saham SROL dari Sunny Ridge Offshore M Limited, dengan imbalan pembelian yang dialihkan sebesar USD40.403.000. SROL memiliki 20% hak kepemilikan di blok Muriah. Perjanjian ini efektif pada tanggal 16 Desember 2014 dengan diterimanya pemberitahuan tertulis dari PC Muriah Ltd (Perjanjian Kerjasama Operasi Co-Venturer) bahwa yang bersangkutan tidak akan menggunakan hak preferential-nya. Pada tanggal 27 Mei 2015 SROL berganti nama menjadi SEML.

**4. ACQUISITION (continued)**

**e. Acquisition of SEML (formerly SROL)**

On October 23, 2014, SEI, through SEEPBV signed a Sale and Purchase Agreement of 100% equity interests in SROL from Sunny Ridge Offshore M Limited with purchase consideration transferred of USD40,403,000. SROL owns 20% participating interest in Muriah block. This agreement effective on December 16, 2014 upon the receipt of written waiver of PC Muriah Ltd (Joint Operation Agreement Co-Venturer)'s preferential right. On May 27, 2015 SROL changed its name to SEML.

	<u>23 Oktober/ October 2014</u>	
Imbalan pembelian yang dialihkan	<u>40,403,000</u>	<i>Purchase consideration transferred</i>
Jumlah aset dan liabilitas yang diakui:		<i>Recognised amount of assets and liabilities:</i>
Piutang dan aset lain	316,378	<i>Receivables and other assets</i>
Persediaan	235,624	<i>Inventories</i>
Uang muka pajak	6,729,357	<i>Prepaid taxes</i>
Properti minyak dan gas	101,051,000	<i>Oil and gas properties</i>
Utang usaha dan utang lain-lain	(55,763,801)	<i>Trade and other payables</i>
Liabilitas pajak tangguhan	(1,184,830)	<i>Deferred tax liability</i>
Liabilitas pembongkaran aset dan restorasi area	<u>(5,376,413)</u>	<i>Asset abandonment and restoration obligations</i>
Nilai wajar aset neto teridentifikasi	<u>46,007,315</u>	<i>Total identifiable net assets at fair values</i>
Keuntungan dari pembelian dengan diskon	<u>(5,604,315)</u>	<i>Gain on bargain purchase</i>

**5. KAS DAN SETARA KAS**

**a. Kas kecil, kas pada bank, dan deposito  
berjangka**

	<u>2017</u>	<u>2016</u>
Kas kecil (2017: Rp3.485.426.220 2016: Rp 1.029.493.192)	<u>257,265</u>	<u>76,622</u>
Kas pada bank Dolar AS		
<b>Pihak berelasi</b>		
PT Bank Mandiri (Persero) Tbk ("Bank Mandiri")	256,573,374	334,368,179
PT Bank Negara Indonesia (Persero) Tbk ("BNI")	207,166,023	295,220,455
PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")	<u>113,815,477</u>	<u>159,756,019</u>
	<u>577,554,874</u>	<u>789,344,653</u>

**5. CASH AND CASH EQUIVALENTS**

**a. Cash on hand, cash in banks and time  
deposits**

Cash on hand (2017: Rp3,485,426,220 2016: Rp 1,029,493,192)
Cash in banks US Dollar
<b>Related parties</b>
PT Bank Mandiri (Persero) Tbk ("Bank Mandiri")
PT Bank Negara Indonesia (Persero) Tbk ("BNI")
PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")

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## 5. KAS DAN SETARA KAS (lanjutan)

## 5. CASH AND CASH EQUIVALENTS (continued)

a. Kas kecil, kas pada bank, dan deposito  
berjangka (lanjutan)a. Cash on hand, cash in banks and time  
deposits (continued)

	2017	2016	
Kas pada bank (lanjutan)			Cash in banks (continued)
Dolar AS			US Dollar
<b>Pihak ketiga</b>			<b>Third parties</b>
PT Bank Sumitomo Mitsui Indonesia	29,242,984	41,164,876	PT Bank Sumitomo Mitsui Indonesia
Citibank N.A., Jakarta	7,884,488	24,149,232	Citibank N.A., Jakarta
JP Morgan Chase, Texas	15,315	3,367,425	JP Morgan Chase, Texas
PT Bank DBS Indonesia	-	2,014,777	PT Bank DBS Indonesia
PT Bank ANZ Indonesia	30,279	30,422	PT Bank ANZ Indonesia
PT Bank Mizuho Indonesia	836,576	879	PT Bank Mizuho Indonesia
	<u>38,009,642</u>	<u>70,727,611</u>	
Rupiah			Rupiah
<b>Pihak berelasi</b>			<b>Related parties</b>
Bank Mandiri			Bank Mandiri
(2017: Rp 570.043.751.280 2016: Rp 776.027.700.856)	42,075,860	57,757,346	(2017: Rp570,043,751,280; 2016: Rp 776,027,700,856)
BNI			BNI
(2017: Rp 201.159.985.956 2016: Rp 234.538.614.460)	14,847,947	17,455,985	(2017: R200,854,085,664; 2016: Rp 234,538,614,460)
BRI			BRI
(2017: Rp 24.903.906.504 2016: Rp 139.581.081.804)	1,838,198	10,388,589	(2017: Rp24,903,906,504; 2016: Rp 139,581,081,804)
PT Bank Tabungan Negara (Persero) Tbk ("BTN")			PT Bank Tabungan Negara (Persero) Tbk ("BTN")
(2017: Rp 13.540.941.492 2016: Rp 10.127.398.436)	999,479	753,751	(2017: Rp13,540,941,492; 2016: Rp 10,127,398,436)
	<u>59,761,484</u>	<u>86,355,671</u>	
<b>Pihak ketiga</b>			<b>Third parties</b>
PT Bank Central Asia Tbk			PT Bank Central Asia Tbk
(2017: Rp27.954.021.936; 2016: Rp 17.875.281.272)	2,063,332	1,330,402	(2017: Rp27,954,021,936; 2016: Rp 17,875,281,272)
PT Bank MNC			PT Bank MNC
(2017: Rp2.361.619.620 2016: Rp nihil)	174,315	-	(2017: Rp2,361,619,620 2016: Rp nil)
PT Bank Pembangunan Daerah Jambi			PT Bank Pembangunan Daerah Jambi
(2017: Rp2.227.643.448 2016: Rp nihil)	164,426	-	(2017: Rp2,227,643,448 2016: Rp nil)
PT Bank Jatim			PT Bank Jatim
(2017: Rp82.561.512 2016: Rp nihil)	6,094	-	(2017: Rp82,561,512 2016: Rp nil)
	<u>2,408,167</u>	<u>1,330,402</u>	
Yen Jepang			Japanese Yen
<b>Pihak berelasi</b>			<b>Related parties</b>
Bank Mandiri			Bank Mandiri
(2017: JPY47.667.943 2016: JPY116.465.008)	396,367	1,000,043	(2017: JPY47,667,943 2016: JPY116,465,008)
	<u>396,367</u>	<u>1,000,043</u>	
<b>Pihak ketiga</b>			<b>Third parties</b>
PT Bank ANZ Indonesia			PT Bank ANZ Indonesia
(2017: JPY326.120.149 2016: JPY326.240.330)	2,893,871	2,801,308	(2017: JPY326,120,149 2016: JPY326,240,330)
	<u>2,893,871</u>	<u>2,801,308</u>	
Dolar Singapura			Singapore Dollar
<b>Pihak ketiga</b>			<b>Third parties</b>
Citibank N.A., Jakarta			Citibank N.A., Jakarta
(2017: SGD 199.538 2016: SGD1.091.237)	149,249	755,234	(2017: SGD 199,538 2016: SGD1,091,237)
	<u>149,249</u>	<u>755,234</u>	
Jumlah kas pada bank	<u>681,173,654</u>	<u>952,314,922</u>	Total cash in banks

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## 5. KAS DAN SETARA KAS (lanjutan)

## 5. CASH AND CASH EQUIVALENTS (continued)

a. Kas kecil, kas pada bank, dan deposito  
berjangka (lanjutan)a. Cash on hand, cash in banks and time  
deposits (continued)

	<u>2017</u>	<u>2016</u>	
Deposito berjangka			Time deposits
Dolar AS			US Dollar
<b>Pihak berelasi</b>			<b>Related parties</b>
BRI	219,100,000	114,000,000	BRI
Bank Mandiri	4,915,447	101,000,000	Bank Mandiri
BNI	<u>70,500,000</u>	<u>90,000,000</u>	BNI
	<u>294,515,447</u>	<u>305,000,000</u>	
Rupiah			Rupiah
<b>Pihak berelasi</b>			<b>Related parties</b>
BRI			BRI
(2017: Rp183.300.023.352 2016: Rp 332.562.511.036)	13,529,674	24,751,601	(2017: Rp183,300,023,352 2016: Rp 332,562,511,036)
BNI			BNI
(2017: Rp465.334.822.404 2016: Rp 165.019.285.936)	34,347,123	12,281,876	(2017: Rp465,334,822,404 2016: Rp 165,019,285,936)
Bank Mandiri			Bank Mandiri
(2017: Rp30.947.872.524 2016: Rp 92.954.413.160)	2,284,313	6,918,310	(2017: Rp30,947,872,524 2016: Rp 92,954,413,160)
BPD Jateng			BPD Jateng
(2017: Rp3.000.001.380 2016: Rp nihil)	221,435	-	(2017: Rp3,000,001,380 2016: Rp nil)
BTN			BTN
(2017: Rp92.954.413.160 2016: Rp 30.276.118.088)	-	<u>2,253,358</u>	(2017: Rp92,954,413,160 2016: Rp 30,276,118,088)
	<u>50,382,545</u>	<u>46,205,145</u>	
<b>Pihak ketiga</b>			<b>Third parties</b>
PT Bank Tabungan Pensiunan Nasional Tbk (2017: Rp nihil; 2016: Rp 5.999.993.596)	-	<u>446,561</u>	PT Bank Tabungan Pensiunan Nasional Tbk (2017: Rp nil; 2016: Rp 5,999,993,596)
	-	<u>446,561</u>	
Jumlah deposito berjangka	<u>344,897,992</u>	<u>351,651,706</u>	Total time deposits
Jumlah kas dan setara kas	<u><u>1,026,328,911</u></u>	<u><u>1,304,043,250</u></u>	Total cash and cash equivalents
Tingkat bunga tahunan deposito berjangka adalah sebagai berikut:			The annual interest rates of time deposits are as follows:
	<u>2017</u>	<u>2016</u>	
Rekening Rupiah	5.00% - 5.75%	7.65% - 9.75%	Rupiah Accounts
Rekening Dolar AS	0.50% - 1.06%	0.75% - 1.50%	US Dollar Accounts

Kas pada bank dan deposito berjangka dapat  
ditarik setiap saat.Cash in banks and time deposits can be  
withdrawn at anytime.

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## 5. KAS DAN SETARA KAS (lanjutan)

## 5. CASH AND CASH EQUIVALENTS (continued)

## b. Kas yang dibatasi penggunaannya

## b. Restricted cash

	<u>2017</u>	<u>2016</u>	
Dolar AS			US Dollar
<b>Pihak berelasi</b>			<b>Related parties</b>
PT Bank Sumitomo			PT Bank Sumitomo
Mitsui Indonesia	11,752,000	-	Mitsui Indonesia
PT BNP Paribas	<u>18,000,000</u>	<u>-</u>	PT BNP Paribas
Jumlah kas yang			
dibatasi penggunaannya	<u>29,752,000</u>	<u>-</u>	Total restricted cash

Pada tanggal 31 Desember 2017, kas yang dibatasi penggunaannya merupakan dana yang dialokasikan dan penempatan bank garansi oleh SEI terkait dengan akuisisi *participating interest* pada Blok Sanga-sanga (Catatan 4a).

At December 31, 2017, restricted cash represents funds allocated and placement of bank guarantee by SEI in relation to the acquisition of participating interest in Sanga-sanga Block (Note 4a).

## 6. INVESTASI JANGKA PENDEK

## 6. SHORT-TERM INVESTMENTS

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:

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 follow:

	<u>2017</u>	<u>2016</u>	
Saldo awal	68,832,771	64,669,022	Beginning balance
- Selisih kurs	(378,007)	(77,182)	Foreign exchange difference -
- Diskon	375,152	319,554	Discount -
- Keuntungan/(kerugian) belum terealisasi	<u>1,833,180</u>	<u>3,921,377</u>	Unrealised gain/(losses) -
Saldo akhir	<u>70,663,096</u>	<u>68,832,771</u>	Ending balance

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**6. INVESTASI JANGKA PENDEK (lanjutan)**

**6. SHORT-TERM INVESTMENTS (continued)**

Aset keuangan tersedia untuk dijual terdiri dari:

*Available-for-sale financial assets include the following:*

	<u>2017</u>	<u>2016</u>	
Dolar AS			US Dollar
<b>Pihak berelasi</b>			<b>Related parties</b>
PT Pertamina (Persero) ("Pertamina")			PT Pertamina (Persero) ("Pertamina")
- Obligasi Pertamina	49,112,536	48,014,051	Pertamina bonds -
Pemerintah Indonesia			The Government of Indonesia
- Obligasi INDON 22	10,321,300	10,085,960	INDON 22 bonds -
- Surat Berharga Syariah Negara	<u>4,053,680</u>	<u>3,950,580</u>	Sharia Government Bonds -
	<u>63,487,516</u>	<u>62,050,591</u>	
Rupiah			Rupiah
<b>Pihak berelasi</b>			<b>Related parties</b>
Lembaga Pembiayaan			Lembaga Pembiayaan
Ekspor Indonesia			Ekspor Indonesia
- Obligasi Seri C			Serie C bonds -
(2017 dan 2016:			(2017 and 2016:
Rp 50.000.000.000)	3,754,761	3,688,058	Rp50,000,000,000)
PT Antam (Persero) Tbk			PT Antam (Persero) Tbk
- Obligasi Seri B			Serie B bonds -
(2017 dan 2016:			(2017 and 2016:
Rp25.000.000.000)	1,869,741	1,634,953	Rp25,000,000,000)
PT Pegadaian (Persero)			PT Pegadaian (Persero)
- Obligasi PT Pegadaian (Persero)			PT Pegadaian (Persero) bonds -
(2017 dan 2016:			(2017 and 2016:
Rp20.000.000.000)	<u>1,551,078</u>	<u>1,459,169</u>	Rp20,000,000,000)
	<u>7,175,580</u>	<u>6,782,180</u>	
Jumlah investasi jangka pendek	<u><u>70,663,096</u></u>	<u><u>68,832,771</u></u>	Total short-term investments

Pada tanggal 31 Desember 2017 dan 2016, tidak ada transfer rugi dari ekuitas ke dalam laporan laba rugi.

*As at December 31, 2017 and 2016, there is no losses removed from equity to profit or loss.*

Eksposur maksimum atas risiko kredit pada tanggal pelaporan adalah sebesar nilai tercatat instrumen utang diklasifikasikan sebagai tersedia untuk dijual.

*The maximum exposure to credit risk at the reporting date is the carrying value of the debt instruments classified as available-for-sale.*

Nilai wajar seluruh aset keuangan tersedia untuk dijual berdasarkan harga penawaran pada tanggal pengukuran dan merupakan level 1 pada hirarki nilai wajar.

*The fair value of all available-for-sale financial assets is based on bid price at the measurement date and within level 1 of the fair value hierarchy.*

Tidak ada dari aset keuangan tersebut yang telah jatuh tempo atau mengalami penurunan nilai.

*None of these financial assets are either overdue or impaired.*



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## 7. PIUTANG USAHA

Piutang usaha terdiri dari:

## 7. TRADE RECEIVABLES

Trade receivables are consist of the following:

	<u>2017</u>	<u>2016</u>	
<b>Pihak berelasi</b>			<b>Related parties</b>
Distribusi gas			Gas distribution
PLN	66,168,902	73,663,532	PLN
PT Iglas (Persero)	8,592,173	8,604,441	PT Iglas (Persero)
PT Kertas Lece (Persero)	2,034,605	4,119,744	PT Kertas Lece (Persero)
PT PLN Batam	1,843,911	2,011,093	PT PLN Batam
PT Krakatau Daya Listrik	4,112,042	957,333	PT Krakatau Daya Listrik
PT Pertamina EP	728,570	811,050	PT Pertamina EP
PT Barata Indonesia (Persero)	74,730	57,744	PT Barata Indonesia (Persero)
PT Wijaya Karya	52,194	46,466	PT Wijaya Karya
PT Indofarma (Persero)	17,831	16,873	PT Indofarma (Persero)
Piutang sewa guna usaha			Financial lease receivables
PLN	238,541,129	247,326,108	PLN
Minyak dan gas			Oil and gas
PLN	16,669,230	19,786,791	PLN
PT Pertamina (Persero)	1,939,152	1,560,055	PT Pertamina (Persero)
Petrogas Jatim Utama	12,550,686	670,817	Petrogas Jatim Utama
Transmisi gas			Gas transmission
PLN	135,486	1,630,310	PLN
	<u>353,460,641</u>	<u>361,262,357</u>	
<b>Pihak ketiga</b>			<b>Third parties</b>
Distribusi gas	166,083,743	169,790,489	Gas distribution
Minyak dan gas	55,071,165	37,934,665	Oil and gas
Sewa fiber optik dan lain-lain	1,760,695	5,134,610	Fiber optic rental and others
Transmisi gas	9,513,366	2,738,258	Gas transmission
	<u>232,428,969</u>	<u>215,598,022</u>	
Jumlah piutang usaha sebelum cadangan penurunan nilai	<u>585,889,610</u>	<u>576,860,379</u>	Total trade receivables before allowance for impairment
Dikurangi:			Deducted by:
Bagian tidak lancar			Non-current portion
Piutang sewa guna usaha	(208,907,752)	(222,589,494)	Financial lease receivables
Piutang distribusi	(200,775)	(52,609)	Distribution receivables
	<u>(209,108,527)</u>	<u>(222,642,103)</u>	
Piutang usaha bagian lancar, kotor	<u>376,781,083</u>	<u>354,218,276</u>	Trade receivables current portion, gross
Dikurangi:			Deducted by:
Cadangan penurunan nilai	(37,119,920)	(33,053,576)	Allowances for impairment
Piutang usaha bagian lancar, bersih	<u>339,661,163</u>	<u>321,164,700</u>	Trade receivables current portion, net

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**7. PIUTANG USAHA (lanjutan)**

Piutang usaha menurut mata uangnya adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Distribusi gas		
- Dolar AS	193,957,729	210,112,138
- Rupiah	55,750,972	49,966,627
Minyak dan gas		
- Dolar AS	86,230,233	59,952,328
Piutang sewa guna usaha		
- Dolar AS	238,541,129	247,326,108
Transmisi gas		
- Dolar AS	1,896,181	4,368,568
Sewa fiber optik dan lain-lain		
- Dolar AS	3,761,659	1,924,614
- Rupiah	<u>5,751,707</u>	<u>3,209,996</u>
Jumlah piutang usaha, kotor	<u>585,889,610</u>	<u>576,860,379</u>

Pada tanggal 31 Desember 2017 dan 2016, jumlah kerugian penurunan piutang usaha Grup adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Penurunan individual	36,828,501	17,744,382
Penurunan kolektif	<u>291,419</u>	<u>15,309,194</u>
	<u>37,119,920</u>	<u>33,053,576</u>

Perubahan cadangan kerugian penurunan nilai adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Saldo awal	33,053,576	17,790,217
- Penurunan nilai selama tahun berjalan	3,803,036	15,229,792
- Dampak perubahan kurs	<u>263,308</u>	<u>33,567</u>
	<u>37,119,920</u>	<u>33,053,576</u>

Penambahan cadangan penurunan nilai piutang disebabkan oleh kenaikan tren gagal bayar yang berasal dari pergerakan data historis tren pembayaran piutang kolektif.

Perhitungan cadangan penurunan nilai piutang secara individual dilakukan manajemen akan pelanggan yang telah mengalami kesulitan pembayaran sesuai dengan periode yang telah ditentukan. Perhitungan ini telah memperhitungkan nilai diskonto dari arus kas yang akan diterima oleh pelanggan dimasa depan.

Perhitungan cadangan penurunan nilai piutang secara kolektif dilakukan manajemen atas pelanggan yang secara nilai kecil dan tidak ada kemungkinan gagal bayar. Perhitungan ini mempertimbangkan tren pembayaran piutang yang dilakukan oleh konsumen.

**7. TRADE RECEIVABLES (continued)**

Trade receivables based on denominated currency are as follows:

	<u>2017</u>	<u>2016</u>
Gas distribution		
US Dollar -	210,112,138	210,112,138
Rupiah -	49,966,627	49,966,627
Oil and gas		
US Dollar -	59,952,328	59,952,328
Financial lease receivables		
US Dollar -	247,326,108	247,326,108
Gas transmission		
US Dollar -	4,368,568	4,368,568
Fiber optic rental and others		
US Dollar -	1,924,614	1,924,614
Rupiah -	<u>3,209,996</u>	<u>3,209,996</u>
Total trade receivables, gross	<u>576,860,379</u>	<u>576,860,379</u>

As of December 31, 2017 and 2016, the total of impairment losses of the Group's trade receivables are as follows:

	<u>2017</u>	<u>2016</u>
Individual impairment	17,744,382	17,744,382
Collective impairment	<u>15,309,194</u>	<u>15,309,194</u>
	<u>33,053,576</u>	<u>33,053,576</u>

The changes in the allowance for impairment losses are as follows:

	<u>2017</u>	<u>2016</u>
Beginning balance	17,790,217	17,790,217
Impairment losses during the year -	15,229,792	15,229,792
Foreign exchange rate effect -	<u>33,567</u>	<u>33,567</u>
	<u>33,053,576</u>	<u>33,053,576</u>

Additional allowance for impairment of receivables were caused due to increase in loss given default arisen from historical movement of collective receivable repayment trend.

Allowance for impairment for individual receivable are done by management towards customers that has difficulties in fulfilling their obligations according to the defined period. This calculation has considered discounted cash flow from cash receipts from potential customers in future period.

Allowance for impairment for collective receivable are done by management towards customers that has insignificant balance and has no possibilities of payment default. This calculation considers trends of payment made by customers.

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## 7. PIUTANG USAHA (lanjutan)

Analisa umur piutang usaha dihitung sejak tanggal  
faktur adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Belum jatuh tempo	537,727,308	533,582,836	Not yet due
Jatuh tempo:			Over due:
> 0 bulan - 3 bulan	5,389,646	6,725,409	> 0 month - 3 months
> 3 bulan - 6 bulan	2,327,071	1,241,011	> 3 months - 6 months
> 6 bulan - 1 tahun	1,731,091	15,663,978	> 6 months - 1 year
> 1 tahun	38,714,494	19,647,145	> 1 year
	<u>585,889,610</u>	<u>576,860,379</u>	

Piutang usaha tidak dijaminan. Piutang usaha selain piutang sewa guna usaha, tidak dijaminan, tidak dikenakan bunga dan umumnya dikenakan syarat pembayaran selambat-lambatnya tanggal 20 bulan penagihan.

70% (2016: 82%) dari piutang usaha yang telah jatuh tempo lebih dari 6 bulan merupakan piutang usaha dari entitas berelasi dengan pemerintah, yaitu masing-masing 38% (2016: 47%) dari PLN, 21% (2016: 24%) dari PT Iglas (Persero), dan 11% (2016: 12%) dari PT Kertas Leces (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.

Manajemen Grup berpendapat bahwa cadangan penurunan nilai adalah cukup untuk menutupi kemungkinan atas tidak tertagihnya piutang usaha.

## 7. TRADE RECEIVABLES (continued)

The aging analysis of trade receivables based on invoice dates are as follows:

	<u>2017</u>	<u>2016</u>	
Belum jatuh tempo	537,727,308	533,582,836	Not yet due
Jatuh tempo:			Over due:
> 0 bulan - 3 bulan	5,389,646	6,725,409	> 0 month - 3 months
> 3 bulan - 6 bulan	2,327,071	1,241,011	> 3 months - 6 months
> 6 bulan - 1 tahun	1,731,091	15,663,978	> 6 months - 1 year
> 1 tahun	38,714,494	19,647,145	> 1 year
	<u>585,889,610</u>	<u>576,860,379</u>	

Trade receivables are unsecured. Trade receivable other than financial lease receivable are unsecured, non-interest bearing and are generally will subject to the terms of payment at no later than the 20th of the billing month.

70% (2016: 82%) of the trade receivables that are pas due more than 6 months represent amount due from government-related entity, which are 38% (2016: 47%) from PLN, 21% (2016: 24%) from PT Iglas (Persero) and 11% (2016: 12%) from PT Kertas Leces (Persero). Management has been taking negotiation steps to pursue the collection of those receivables.

Trade receivables carrying value is same with their fair value.

The management of the Group is of the opinion that the allowance for impairment is adequate to cover any loss from uncollectible accounts.

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## 8. PIUTANG LAIN-LAIN

Piutang lain-lain terdiri dari :

## 8. OTHER RECEIVABLES

Other receivables consists of the following:

	<u>2017</u>	<u>2016</u>	
<b>Pihak berelasi</b>			<b>Related parties</b>
Piutang bunga dari sewa, jasa operasi dan perawatan pipa Kepodang-Tambak Lorok			<i>Interest receivables from lease, operation and maintenance services of Kepodang-Tambak Lorok pipeline</i>
- PLN	5,549,375	4,754,199	PLN -
Piutang dari ventura bersama			<i>Receivables from joint ventures</i>
- Transgasindo	3,778,165	3,778,165	Transgasindo -
- Regas	19,616	19,616	Regas -
Piutang bunga dari investasi jangka pendek			<i>Interest receivable from short-term investments</i>
- Pertamina,			Pertamina, -
PT Antam (Persero) Tbk,			PT Antam (Persero) Tbk
PT Pegadaian (Persero),			PT Pegadaian (Persero)
Lembaga Pembiayaan Ekspor Indonesia, Pemerintah Indonesia	<u>1,396,674</u>	<u>1,397,765</u>	<i>Lembaga Pembiayaan Ekspor Indonesia, Government of Indonesia</i>
Jumlah piutang lain-lain dari pihak berelasi	<u>10,743,830</u>	<u>9,949,745</u>	<i>Total other receivable from related parties</i>
<b>Pihak ketiga</b>			<b>Third parties</b>
Piutang dari operasi bersama	24,848,797	51,056,647	<i>Joint operation receivables</i>
Piutang PPN atas impor mesin dan peralatan dari PT Hoegh LNG Lampung (2017: Rp142.107.580.638; 2016: Rp 156.506.602.696)	10,489,193	11,648,303	<i>Receivable due to VAT import of machinery and supplies from PT Hoegh LNG Lampung (2017: Rp142,107,580,638; 2016: Rp 156,506,602,696)</i>
Panjar dinas (2017: Rp 81.712.065.948; 2016: Rp 101.775.398.539)	5,424,244	7,569,947	<i>Advances to employees (2017: Rp 81,712,065,948; 2016: Rp 101,775,398,539)</i>
Lain - lain	<u>14,295,380</u>	<u>7,747,599</u>	<i>Others</i>
Jumlah piutang lain-lain dari pihak ketiga	<u>55,057,614</u>	<u>78,022,496</u>	<i>Total other receivable from third parties</i>
Ditambah dengan:			<i>Added with:</i>
Bagian jangka pendek piutang lain-lain jangka panjang (Catatan 12)	<u>125,140,667</u>	<u>147,372,235</u>	<i>Short-term portion of other long term receivables (Note 12)</i>
Cadangan kerugian penurunan nilai	<u>(1,302,719)</u>	<u>(1,302,719)</u>	<i>Allowance for impairment losses</i>
Jumlah piutang lain-lain, bersih	<u>189,639,392</u>	<u>234,041,757</u>	<i>Total other receivables, net</i>
Perubahan cadangan kerugian penurunan nilai adalah sebagai berikut:			<i>The changes in the allowance for impairment losses are as follows:</i>
	<u>2017</u>	<u>2016</u>	
Saldo awal	1,302,719	2,190,725	<i>Beginning balance</i>
Realisasi panjar dinas	-	(888,006)	<i>Realisation of employee advances</i>
Saldo akhir	<u>1,302,719</u>	<u>1,302,719</u>	<i>Ending balances</i>

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## 8. PIUTANG LAIN-LAIN (lanjutan)

Perubahan cadangan penurunan nilai ditahun 2016 disebabkan karena terdapat realisasi atas uang muka panjar dinas yang telah disisihkan di tahun 2015.

Analisa umur piutang lain-lain dihitung sejak pengakuan adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Belum jatuh tempo	125,140,667	160,961,903	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>190,942,111</u>	<u>235,344,476</u>	

82% (31 Desember 2016: 90%) dari piutang lain-lain pihak ke tiga merupakan piutang dengan pihak-pihak yang memiliki hubungan bisnis dengan Grup yang belum pernah mengalami gagal bayar, yaitu: operator blok migas, PT Jasa Asuransi Indonesia, dan PT Hoegh Lampung. Selain yang disebutkan sebelumnya, piutang lain-lain berasal dari uang muka yang diberikan kepada karyawan dan pemasok. Jumlah piutang bersih yang disajikan di atas seluruhnya merupakan piutang dari pihak-pihak yang belum pernah mengalami gagal bayar ataupun wanprestasi dari hubungan bisnis dengan Grup.

Manajemen Grup berpendapat bahwa cadangan penurunan nilai adalah cukup untuk menutupi kemungkinan kerugian atas tidak tertagihnya piutang lain-lain.

## 8. OTHER RECEIVABLES (continued)

Changes in allowance for impairment in 2016 was due to realisation of 2015 provision for advances to employees.

The aging analysis of other receivables based on recognition dates are as follows:

82% (December 31, 2016: 90%) of other receivable 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 operator, PT Jasa Asuransi Indonesia, and PT Hoegh Lampung. Other than those receivables, other receivables represents advances paid to employees and suppliers. 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.

Management of the Group believes that the allowance for impairment losses is adequate to cover any loss from uncollectible of other receivables.

## 9. PERSEDIAAN

Persediaan terdiri dari:

	<u>2017</u>	<u>2016</u>	
Suku cadang minyak dan gas, perlengkapan sumur dan lainnya	53,323,283	56,907,241	Oil and gas spareparts, well supplies and others
Suku cadang LNG	5,737,456	4,959,589	Spareparts LNG
	<u>2,477,909</u>	<u>4,576,421</u>	
Jumlah persediaan, kotor	<u>61,538,648</u>	<u>66,443,251</u>	Total inventories, gross
Dikurangi dengan:			Deducted by:
- Penyisihan penurunan nilai persediaan	<u>(717,938)</u>	<u>(1,150,024)</u>	Allowance for impairment of inventories -
Jumlah persediaan, bersih	<u>60,820,710</u>	<u>65,293,227</u>	Total inventories, net

Mutasi penyisihan untuk penurunan nilai persediaan adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Saldo awal	1,150,024	1,515,002	Beginning balance
Perubahan selama tahun berjalan			Movement during the year:
- Pemulihan penurunan nilai	<u>(432,086)</u>	<u>(364,978)</u>	Reversal of provision for impairment -
Saldo akhir	<u>717,938</u>	<u>1,150,024</u>	Ending balance

## 9. INVENTORIES

Inventories consist of the following:

Movement of provision for impairment of inventories is as follows:

1  
PERFORMANCE  
OVERVIEW2  
REPORT TO THE  
SHAREHOLDERS3  
COMPANY PROFILE4  
MANAGEMENT DISCUSSION  
AND ANALYSIS5  
GOOD CORPORATE  
GOVERNANCE6  
CORPORATE SOCIAL  
RESPONSIBILITY7  
CONSOLIDATED FINANCIAL  
STATEMENT8  
REGULATORY  
CROSS REFERENCE

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**9. PERSEDIAAN (lanjutan)**

Selama tahun yang berakhir 31 Desember 2017 dan 2016, biaya persediaan yang dibebankan pada laba rugi masing-masing adalah USD184.380.629 dan USD120.616.939.

Persediaan tidak dijadikan jaminan dan diasuransikan terhadap risiko kebakaran dan risiko lainnya berdasarkan suatu paket polis tertentu dengan jumlah pertanggungan sebesar Rp111.430.180.233 (setara dengan USD8.224.843). Manajemen berpendapat bahwa jumlah pertanggungan tersebut cukup untuk menutupi kemungkinan kerugian tersebut.

Berdasarkan hasil penelaahan pada tanggal pelaporan, manajemen berkeyakinan bahwa penyisihan tersebut di atas cukup untuk menutupi kemungkinan kerugian dari penurunan nilai.

**9. INVENTORIES (continued)**

During the years ended December 31, 2017 and 2016, cost of inventories charged to profit or loss are amounting to USD184,380,629 and USD120,616,939, respectively.

Inventories are not pledged and are insured against losses from fire and other risks under blanket policies for Rp111,430,180,233 (equivalent to USD8,224,843). 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 allowance is adequate to cover possible losses from impairment of inventories.

**10. UANG MUKA**

Saldo uang muka terdiri dari:

	<u>2017</u>	<u>2016</u>
<b>Pihak berelasi</b>		
Pembelian gas bumi		
- PT Pertamina Energi Persada	11,480,466	57,217,064
Penyaluran gas bumi ("ship or pay")		
- PT Pertamina Gas	<u>-</u>	<u>387,132</u>
Jumlah uang muka pada pihak berelasi	<u>11,480,466</u>	<u>57,604,196</u>
<b>Pihak ketiga</b>		
Refundable security deposit (Catatan 4a)	30,000,000	30,000,000
Pembelian barang dan jasa	12,178,482	6,563,787
Uang muka bangunan Kerja Sama Operasi	19,529,339	16,885,595
Pembelian gas bumi		
- Alasindo Energi	15,000,000	-
- PT Sadikun Niagamas Raya	10,792,517	22,451,335
- PT Walinusa Energi	8,747,487	16,631,818
- ConocoPhillips (Grissik) Ltd.	-	699,030
- Santos	-	486,834
- Gas Supply Pte Ltd. ("GSPL")	-	37,845
Uang muka proyek	877,498	6,153,843
Lain-lain	<u>52,327</u>	<u>28,568</u>
Jumlah uang muka pada pihak ketiga	<u>97,177,650</u>	<u>99,938,655</u>
Jumlah uang muka, kotor	<u>108,658,116</u>	<u>157,542,851</u>
Dikurangi:		
Bagian tidak lancar		
- Uang muka bangunan		
kerja sama operasi	(19,529,339)	(16,885,595)
- Pembelian gas bumi	(18,328,770)	(43,456,977)
- Pembelian barang dan jasa	<u>(4,049,369)</u>	<u>(165,315)</u>
	<u>(41,907,478)</u>	<u>(60,507,887)</u>
Uang muka, bagian lancar, bersih	<u><u>66,750,638</u></u>	<u><u>97,034,964</u></u>

Advances consist of the following:

<b>Related parties</b>
Purchase of natural gas
PT Pertamina Energi Persada -
Natural gas distribution ("ship or pay")
PT Pertamina Gas -
Total advances on third parties
<b>Third parties</b>
Refundable security deposit (Note 4a)
Purchase of goods and services
Advance for Joint Operation building
Purchase of natural gas
Alasindo Energi -
PT Sadikun Niagamas Raya -
PT Walinusa Energi -
ConocoPhillips (Grissik) Ltd. -
Santos -
Gas Supply Pte Ltd. ("GSPL") -
Advance for projects
Others
Total advances on third parties
Total advances, gross
Less:
Non-current portion
Advance for Joint -
operation building
Purchase of natural gas -
Purchase of goods and services -
Advances, current portion, net

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## 10. UANG MUKA (lanjutan)

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.

Manajemen berpendapat bahwa seluruh uang muka tersebut dapat dipulihkan.

## 10. ADVANCES (continued)

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 quantities of natural gas.

The management is of the opinion that all of such advances can be recovered.

## 11. BEBAN DIBAYAR DI MUKA

Beban dibayar di muka terdiri dari:

	<u>2017</u>	<u>2016</u>
Joint interest billing dari aktivitas minyak dan gas	21,378,706	28,254,806
Sewa	15,788,135	
Arrangement fee	-	3,785,895
Lain-lain	<u>909,379</u>	<u>2,222,859</u>
Jumlah beban dibayar di muka	38,076,220	34,263,560
Dikurangi:		
Bagian tidak lancar	<u>(13,644,137)</u>	-
Beban dibayar dimuka, bagian lancar	<u><u>24,432,083</u></u>	<u><u>34,263,560</u></u>

## 11. PREPAID EXPENSES

Prepaid expenses consist of the following:

Joint interest billing from oil and gas activities  
Rent  
Arrangement fee  
Others

Total prepaid expenses

Less:  
Non-current portion

Total prepaid expenses, current

## 12. PIUTANG LAIN-LAIN JANGKA PANJANG

Piutang lain-lain jangka panjang merupakan piutang yang berasal dari segmen operasi pertambangan minyak dan gas, antara lain adalah:

	<u>2017</u>	<u>2016</u>
Piutang dari GDF Suez Exploration Indonesia B.V.	241,446,560	246,469,834
Pajak Pertambahan Nilai yang dapat ditagihkan	75,356,135	92,584,504
Piutang carry	35,600,000	35,600,000
Piutang dari KUFPEC	<u>7,724,776</u>	<u>7,771,788</u>
Sub-total	<u>360,127,471</u>	<u>382,426,126</u>
Penyesuaian nilai wajar	<u>(7,039,994)</u>	<u>(7,040,846)</u>
Saldo akhir	<u><u>353,087,477</u></u>	<u><u>375,385,280</u></u>
Dikurangi:		
Bagian lancar piutang lain-lain jangka panjang	<u>(125,140,667)</u>	<u>(147,372,235)</u>
Bagian jangka panjang piutang lain-lain jangka panjang	<u><u>227,946,810</u></u>	<u><u>228,013,045</u></u>

## 12. OTHER LONG-TERM RECEIVABLES

Other long-term receivables represent receivable from oil and gas mining operating segment, consist of the following:

Receivable from GDF Suez Exploration Indonesia B.V.

Reimbursable Value-Added Tax  
Carry receivables  
Receivable from KUFPEC

Sub-total

Fair value adjustment

Ending balance

Less:  
Short-term portion of other long term receivables

Long-term portion of other long term receivables

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**12. PIUTANG LAIN-LAIN JANGKA PANJANG**  
(lanjutan)

Pada tanggal 12 Februari 2014, SEMB, entitas anak, melakukan perjanjian jual beli 11,67% *participating interest* di Muara Bakau PSC dengan GDF SUEZ Exploration Indonesia B.V. Berdasarkan *Carry Agreement*, Muara Bakau PSC tanggal 12 Februari 2014, SEMB akan melakukan pembayaran *carried cost* kepada GDF Suez Exploration Indonesia B.V. atas biaya pengembangan sumur Jangkrik. Selama tahun 2017, terdapat perubahan skema pembayaran piutang *carry* dimana pelunasan terakhir piutang berubah dari Juni 2019 menjadi Desember 2019.

Berdasarkan Perjanjian Farm-out Bangkanai PSC tanggal 11 Maret 2013, SBK akan melakukan pembayaran *carry* kepada Salamander Energy (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 2017, biaya pengembangan dan pengeboran yang akan dipulihkan pada saat produksi adalah sejumlah USD35.600.000.

Piutang dari Kuwait Foreign Petroleum Exploration Company K.S.C. (Closed) (KUFPEC) merupakan piutang sehubungan dengan beban pajak yang terutang di SIP yang ditanggung oleh KUFPEC sesuai dengan Perjanjian Jual Beli Kufpec Indonesia Pangkah B.V. antara SEI dengan KUFPEC tanggal 24 April 2013. Piutang dari KUFPEC akan dibayarkan ketika blok Pangkah telah mencapai status *Equity to be Split* (ETS).

79% (31 Desember 2016: 59%) dari piutang lain-lain jangka panjang merupakan piutang dengan pihak-pihak yang memiliki hubungan bisnis dengan Grup. Selain yang disebutkan sebelumnya, piutang lain-lain jangka panjang merupakan jumlah yang dapat ditagihkan kepada pihak berelasi dengan pemerintah. Jumlah piutang bersih yang disajikan di atas seluruhnya merupakan piutang dari pihak-pihak yang belum pernah mengalami gagal bayar ataupun wanprestasi dari hubungan bisnis dengan Grup.

Nilai wajar piutang lain-lain jangka panjang dihitung dengan menggunakan metode arus kas terdiskonto. Perhitungan nilai wajar ini diklasifikasikan sebagai tingkat tiga dalam hirarki nilai wajar.

Manajemen Grup berpendapat bahwa saldo seluruh piutang tersebut dapat ditagih sehingga tidak diperlukan cadangan kerugian penurunan nilai.

**12. OTHER LONG-TERM RECEIVABLES (continued)**

*On February 12, 2014, SEMB, a subsidiary, signed a sale and purchase agreement of 11.67% participating interest in Muara Bakau PSC with GDF SUEZ Exploration Indonesia B.V. Based on Carry Agreement of Muara Bakau PSC dated on February 12, 2014, SEMB should make payments of carried cost to GDF Suez Exploration Indonesia B.V. for Jangkrik development. During 2017, there are changes in repayment schedule of carry receivables where last repayment of the receivables shifted from June 2019 to December 2019.*

*Based on the Farm-out Agreement of Bangkana PSC dated 11 March 2013, SBK will pay carry to Salamander Energy (Bangkanai) Limited amounting to USD30,000,000 for development costs, USD5,600,000 for drilling costs in West Kerendan-1 Well and USD1,500,000 for the subsequent exploration drilling cost in such block. SBK can recover the development and drilling costs in 2019, to a maximum of the above amounts. As at December, 31 2017, the development and drilling cost which will be recovered during the production activities amounted to USD35,600,000.*

*Receivables from Kuwait Foreign Petroleum Exploration Company K.S.C. (Closed) (KUFPEC) represent tax expense incurred in SIP 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. Receivables from KUFPEC will be paid when Pangkah block has achieved Equity to be Split status (ETS).*

*79% (December 31, 2016: 59%) of other long-term receivable represents receivable from parties that engaged in business relation with the Group. Other than those receivables, other long-term receivables represents amount reimbursable to related party with government. 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.*

*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 management of 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

## 13. INVESTMENT IN SHARES OF STOCK

Jumlah yang diakui pada laporan keuangan konsolidasian adalah sebagai berikut:

The amounts recognised in the consolidated financial statements are as follows:

	2017	2016	
<b>Investasi pada entitas asosiasi</b>			<b>Investments in associates</b>
BGS	2,718	2,718	BGS
GEJ	-	-	GEJ
	<u>2,718</u>	<u>2,718</u>	
<b>Investasi pada ventura bersama</b>			<b>Investments in joint ventures</b>
Transgasindo	281,699,338	281,166,783	Transgasindo
Regas	94,307,680	101,199,808	Regas
Unimar	10,392,507	45,069,506	Unimar
	<u>386,399,525</u>	<u>427,436,097</u>	
Jumlah penyertaan saham	<u>386,402,243</u>	<u>427,438,815</u>	Total investment in shares of stock

## a. Investasi pada entitas asosiasi

## a. Investment in associates

	2017	2016	
Pada awal tahun	2,718	2,718	At the beginning of the year
Bagian (kerugian)/ keuntungan	-	-	Share of (loss)/profit
Penambahan investasi	-	-	Addition of investment
Pada akhir tahun	<u>2,718</u>	<u>2,718</u>	At the end of the year

Investasi pada entitas asosiasi yang dimiliki Grup adalah sebagai berikut:

Investments in associates owned by the Group are as follows:

Nama entitas/ Name of entity	Lokasi usaha/ Place of business	Persentase kepemilikan/ % of ownership	Sifat hubungan/ Nature of relationship	Metode pengukuran/ Measurement method
BGS	Banten	0.14%	Catatan/Note 1	Ekuitas/Equity
GEJ	Jambi	40.00%	Catatan/Note 1	Ekuitas/Equity

Catatan:

1) GEJ dan BGS bergerak dalam bidang transportasi dan distribusi gas bumi

Note:

1) GEJ and BGS engaged in transportation and distribution of natural gas

Entitas asosiasi adalah perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar kuotasian yang tersedia atas saham perusahaan tersebut.

Associates are unlisted private companies and there is no quoted market price available for their shares.

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**13. PENYERTAAN SAHAM (lanjutan)**

**a. Investasi pada entitas asosiasi (lanjutan)**

Manajemen berpendapat bahwa nilai investasi pada entitas asosiasi tidak material bagi laporan keuangan konsolidasian Grup. Ringkasan informasi keuangan atas investasi pada entitas asosiasi adalah sebagai berikut:

	<u>Aset/ Assets</u>	<u>Liabilitas/ Liabilities</u>	<u>Labal(rugi)/ Profit/(loss)</u>	<u>Labal(rugi) dari operasi yang dihentikan/ Profit/(loss) from discontinued operation</u>	<u>Penghasilan komprehensif lainnya/ Other comprehensive income</u>	<u>Jumlah labal(rugi) komprehensif/ Total comprehensive income/(loss)</u>
31 Desember/ December 2017						
BGS	7,272,760	5,689,288	(42,142)	(42,142)	-	(42,142)
GEJ	3,585	577,098	-	-	-	-

**b. Investasi pada entitas ventura bersama**

	<u>2017</u>	<u>2016</u>	
Pada awal tahun	427,436,097	387,945,993	<i>At beginning of the year</i>
Akuisisi saham	-	53,724,197	<i>Acquisition of shares</i>
Bagian keuntungan	38,460,602	57,713,446	<i>Share of profit</i>
Dividen dan pengembalian modal	(79,497,174)	(71,947,539)	<i>Dividend and capital repayment</i>
Pada akhir tahun	<u>386,399,525</u>	<u>427,436,097</u>	<i>At the end of the year</i>

Investasi pada ventura bersama yang dimiliki Grup adalah sebagai berikut:

<u>Nama entitas/ Name of entity</u>	<u>Lokasi usaha/ Place of business</u>	<u>Persentase kepemilikan/ % of ownership</u>	<u>Sifat hubungan/ Nature of relationship</u>	<u>Metode pengukuran/ Measurement method</u>
Transgasindo	Jakarta	59.87%	Catatan/Note 1	Ekuitasi/Equity
Regas	Jakarta	40.00%	Catatan/Note 2	Ekuitasi/Equity
Unimar	Samarinda	50.00%	Catatan/Note 3	Ekuitasi/Equity

Catatan:

- 1) Transgasindo bergerak di bidang transportasi gas dan memiliki infrastruktur pipa gas jaringan pipa Transmisi Grissik - Duri dan Grissik - Singapura.
- 2) Regas didirikan untuk Pengelolaan fasilitas FSRT termasuk pembelian LNG dan pemasaran atas hasil pengelolaan fasilitas FSRT.
- 3) Unimar bergerak dibidang eksplorasi dan produksi minyak dan gas. Unimar memiliki 11.25% kepemilikan efektif dari Blok Sanga-sanga.

Berikut ini merupakan ringkasan informasi keuangan dari Transgasindo, Regas, dan Unimar, ventura yang material bagi Grup yang dicatat dengan menggunakan metode ekuitas.

**13. INVESTMENT IN SHARES OF STOCK (continued)**

**a. Investment in associates (continued)**

*Management is of the opinion that investment in associates amounts are not material to the Group's consolidated financial statements. Summary of financial information related to investments in associates are as follows:*

	<u>Aset/ Assets</u>	<u>Liabilitas/ Liabilities</u>	<u>Labal(rugi)/ Profit/(loss)</u>	<u>Labal(rugi) dari operasi yang dihentikan/ Profit/(loss) from discontinued operation</u>	<u>Penghasilan komprehensif lainnya/ Other comprehensive income</u>	<u>Jumlah labal(rugi) komprehensif/ Total comprehensive income/(loss)</u>
31 Desember/ December 2017						
BGS	7,272,760	5,689,288	(42,142)	(42,142)	-	(42,142)
GEJ	3,585	577,098	-	-	-	-

**b. Investment in joint ventures**

*Investments in joint ventures owned by the Group are as follows:*

<u>Nama entitas/ Name of entity</u>	<u>Lokasi usaha/ Place of business</u>	<u>Persentase kepemilikan/ % of ownership</u>	<u>Sifat hubungan/ Nature of relationship</u>	<u>Metode pengukuran/ Measurement method</u>
Transgasindo	Jakarta	59.87%	Catatan/Note 1	Ekuitasi/Equity
Regas	Jakarta	40.00%	Catatan/Note 2	Ekuitasi/Equity
Unimar	Samarinda	50.00%	Catatan/Note 3	Ekuitasi/Equity

Note:

- 1) *Transgasindo engaged in gas transportation and owns Grissik - Duri pipeline and Grissik - Singapore pipeline.*
- 2) *Regas was established to manage FSRT facilities including purchase of LNG and marketing of products arising from the operations of FSRT facilities.*
- 2) *Unimar engaged in exploration and production of oil and gas. Unimar effectively has 11.25% interest in Sanga-sanga Block.*

*Set out below are the summarised financial information for Transgasindo, Regas, and Unimar, material venturer for the Group which is accounted for using the equity method.*

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## 13. PENYERTAAN SAHAM (lanjutan)

## 13. INVESTMENT IN SHARES OF STOCK (continued)

b. Investasi pada entitas ventura bersama  
(lanjutan)

## b. Investment in joint ventures (continued)

## (1) Transgasindo

## (1) Transgasindo

Ringkasan informasi keuangan  
Transgasindo adalah sebagai berikut:Summarised financial information for  
Transgasindo is as follow:

	<u>2017</u>	<u>2016</u>
<b>Laporan posisi keuangan</b>		
Kas dan setara kas	129,877,000	147,908,012
Aset lancar lainnya	50,688,945	28,243,778
Aset tidak lancar lainnya	377,309,391	442,478,171
Liabilitas keuangan		
jangka pendek	(13,221,710)	(93,052,244)
Liabilitas jangka pendek lainnya	(7,723,518)	(7,972,119)
Liabilitas keuangan		
jangka panjang	(28,229,713)	(4,323,014)
Liabilitas jangka panjang lainnya	(38,182,042)	(43,653,750)
Aset bersih	<u>470,518,353</u>	<u>469,628,834</u>
<b>Laporan laba rugi</b>		
Pendapatan	151,624,975	158,718,841
Depresiasi dan amortisasi	(60,845,813)	(60,723,806)
Pendapatan keuangan	169,016	153,928
Beban keuangan	(2,640,777)	-
Laba sebelum pajak		
penghasilan	58,671,368	59,409,709
Beban pajak penghasilan	(15,123,640)	(15,386,036)
Laba tahun berjalan	<u>43,547,728</u>	<u>44,023,673</u>
Dividen yang dibayarkan	<u>42,658,207</u>	<u>39,595,642</u>

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 follow:

	<u>2017</u>	<u>2016</u>	
Aset bersih pada awal tahun	281,166,783	278,515,721	Net assets at the beginning of the year
Penerimaan dividen	(25,539,470)	(23,705,911)	Dividend received
Laba diserap tahun berjalan	<u>26,072,025</u>	<u>26,356,973</u>	Profit absorbed for the year
Aset bersih pada akhir tahun	<u>281,699,338</u>	<u>281,166,783</u>	Net assets at the end of the year

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**13. PENYERTAAN SAHAM (lanjutan)**

**13. INVESTMENT IN SHARES OF STOCK (continued)**

**b. Investasi pada entitas ventura bersama  
(lanjutan)**

**b. Investment in joint ventures (continued)**

(2) Regas

(2) Regas

Ringkasan informasi keuangan Regas  
adalah sebagai berikut:

*Summarised financial information for Regas  
is as follow:*

	<u>2017</u>	<u>2016</u>	
<b>Laporan posisi keuangan</b>			<b>Statements of financial position</b>
Kas dan setara kas	157,165,294	158,998,685	<i>Cash and cash equivalents</i>
Aset lancar lainnya	58,431,700	57,806,275	<i>Other current assets</i>
Aset tidak lancar lainnya	60,127,209	54,257,269	<i>Other non-current assets</i>
Liabilitas keuangan			
jangka pendek	(25,436,414)	(3,314,256)	<i>Short-term financial liabilities</i>
Liabilitas jangka pendek lainnya	(1,818,466)	(3,425,096)	<i>Other short-term liabilities</i>
Liabilitas jangka panjang lainnya	(12,700,123)	(11,323,358)	<i>Other long-term liabilities</i>
Aset bersih	<u>235,769,200</u>	<u>252,999,519</u>	<i>Net assets</i>
<b>Laporan laba rugi</b>			<b>Statement of profit or loss</b>
Pendapatan	568,663,752	573,253,202	<i>Revenue</i>
Depresiasi dan amortisasi	(1,948,957)	(1,448,524)	<i>Depreciation and amortisation</i>
Pendapatan keuangan	2,982,254	1,489,187	<i>Interest income</i>
Beban keuangan	<u>(435,732)</u>	<u>(583,095)</u>	<i>Interest expense</i>
Laba sebelum pajak penghasilan	64,980,619	73,577,325	<i>Profit before income taxes</i>
Beban pajak penghasilan	<u>(16,066,679)</u>	<u>(18,549,416)</u>	<i>Income tax expense</i>
Laba tahun berjalan	<u>48,913,940</u>	<u>55,027,909</u>	<i>Profit for the year</i>
Dividen yang dibayarkan	<u>66,144,260</u>	<u>75,604,070</u>	<i>Dividends paid</i>

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 follow:*

	<u>2017</u>	<u>2016</u>	
Aset bersih pada awal tahun	101,199,808	109,430,272	<i>Net assets at the beginning of the year</i>
Penerimaan dividen	(26,457,704)	(30,241,628)	<i>Dividend received</i>
Laba diserap tahun berjalan	<u>19,565,576</u>	<u>22,011,164</u>	<i>Profit absorbed for the year</i>
Aset bersih pada akhir tahun	<u>94,307,680</u>	<u>101,199,808</u>	<i>Net assets at the end of the year</i>

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## 13. INVESTMENT IN SHARES OF STOCK (continued)

b. Investasi pada entitas ventura bersama  
(lanjutan)

## b. Investment in joint ventures (continued)

(3) Unimar

(3) Unimar

Ringkasan informasi keuangan Unimar  
adalah sebagai berikut:Summarised financial information for  
Unimar is as follow:

	<u>2017</u>	<u>2016</u>
<b>Laporan posisi keuangan</b>		
Kas dan setara kas	2,118,829	31,287,435
Aset lancar lainnya	42,386,043	49,951,310
Aset tidak lancar lainnya	4,865,954	28,493,885
Liabilitas keuangan		
jangka pendek	(29,683,830)	(22,644,190)
Liabilitas jangka pendek lainnya	(1,966,071)	(270,616)
Liabilitas jangka panjang lainnya	(249,503)	(4,355,024)
Aset bersih	<u>17,471,422</u>	<u>82,462,800</u>
<b>Laporan laba rugi</b>		
Pendapatan	62,993,154	14,435,351
Depresiasi dan amortisasi	(66,817,281)	(20,988,186)
Beban keuangan	87,851	(53,650)
Pendapatan keuangan	(508,352)	227
Laba sebelum pajak penghasilan	(4,304,625)	(6,606,258)
Beban pajak penghasilan	(5,686,753)	3,148,672
Rugi tahun berjalan	(9,991,378)	(3,457,586)
Pengembalian modal	<u>55,000,000</u>	<u>36,000,000</u>

**Statements of financial position**

Cash and cash equivalents

Other current assets

Other non-current assets

Short-term financial liabilities

Other short-term liabilities

Other long-term liabilities

Net assets

**Statement of profit or loss**

Revenue

Depreciation and amortisation

Interest expense

Interest income

Profit before income taxes

Income tax expense

Loss for the year

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 follow:

	<u>2017</u>	<u>2016</u>	
Pada awal tahun	45,069,506	-	At beginning of the year
Akuisisi saham	-	53,724,197	Acquisition of shares
Dividen/pengembalian modal	(27,500,000)	(18,000,000)	Dividends/capital repayments
Keuntungan/(rugi) yang diserap pada tahun berjalan			Profit/(loss) absorbed during the current year
- Keuntungan dari akuisisi	-	11,074,102	Gain from acquisition -
- Amortisasi kenaikan nilai wajar	(2,181,310)	-	Amortisation of fair value uplift -
- Rugi tahun berjalan	(4,995,689)	(1,728,793)	Loss during the year -
Aset bersih akhir tahun	<u>10,392,507</u>	<u>45,069,506</u>	Net asset at the end of the year

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**13. PENYERTAAN SAHAM (lanjutan)****13. INVESTMENT IN SHARES OF STOCK (continued)****b. Investasi pada entitas ventura bersama  
(lanjutan)****b. Investment in joint ventures (continued)**

(3) Unimar

(3) Unimar

Rekonsiliasi aset bersih atas nilai tercatat  
investasi Grup di Unimar adalah sebagai  
berikut:

Net asset reconciliation for the Grup's  
investment in Unimar is as follow:

	<u>2017</u>	<u>2016</u>	
Kepentingan pada ventura bersama (50%)	8,735,711	41,231,400	Interest in joint venture (50%)
Kenaikan nilai wajar	<u>1,656,796</u>	<u>3,838,106</u>	Fair value uplift
Pada akhir tahun	<u><u>10,392,507</u></u>	<u><u>45,069,506</u></u>	Net assets at the end of the year

**14. ASET TETAP****14. FIXED ASSETS**

Jumlah tersebut merupakan saldo buku aset tetap  
dengan rincian sebagai berikut:

This amount represents fixed assets with the detail  
as follow:

	2017				Saldo akhir/ Ending balance	
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Disposals	Transfer/ Transfers		
<b>Nilai tercatat</b>						<b>Carrying value</b>
Tanah	65,918,502	7,778	-	2,148,633	68,074,913	Land
Bangunan dan prasarana	151,200,587	343,603	(131,718)	9,667,081	161,079,553	Building and improvements
Mesin dan peralatan	2,396,750,243	3,249,224	(326,121)	359,976,524	2,759,649,870	Machineries and equipment
Kendaraan bermotor	4,941,311	2,679,066	(521,603)	-	7,098,774	Vehicles
Peralatan kantor	15,883,212	3,408,291	(308,798)	144,590	19,127,295	Office equipment
Peralatan dan perabot	11,178,789	327,313	(166,847)	-	11,339,255	Furnitures and fixtures
Aset belum terpasang	10,241,835	559,120	(1,529,218)	-	9,271,737	Uninstalled assets
Aset dalam pelaksanaan	516,900,607	68,294,588	(242,845)	(371,936,828)	213,015,522	Construction in progress
Aset kerjasama operasi						Joint venture assets
- Tanah	<u>2,120,223</u>	-	-	-	<u>2,120,223</u>	Land -
Total nilai tercatat	<u>3,175,135,309</u>	<u>78,868,983</u>	<u>(3,227,150)</u>	<u>-</u>	<u>3,250,777,142</u>	Total carrying value
<b>Akumulasi penyusutan</b>						<b>Accumulated depreciation</b>
Bangunan dan prasarana	57,461,262	7,796,397	-	-	65,257,659	Building and improvements
Mesin dan peralatan	1,259,673,867	186,314,836	(8,352)	-	1,445,980,351	Machineries and equipment
Kendaraan bermotor	3,235,459	1,055,709	(50,307)	-	4,240,861	Vehicles
Peralatan kantor	11,876,247	2,180,748	(110,912)	-	13,946,083	Office equipment
Peralatan dan perabot	10,112,048	592,485	(166,847)	-	10,537,686	Furnitures and fixtures
Aset belum terpasang	<u>4,145,432</u>	<u>922,922</u>	<u>(667,668)</u>	<u>-</u>	<u>4,400,686</u>	Uninstalled assets
Total akumulasi penyusutan	<u>1,346,504,315</u>	<u>198,863,097</u>	<u>(1,004,086)</u>	<u>-</u>	<u>1,544,363,326</u>	Total accumulated depreciation
Nilai buku	<u><u>1,828,630,994</u></u>				<u><u>1,706,413,816</u></u>	Book value

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## 14. ASET TETAP (lanjutan)

## 14. FIXED ASSETS (continued)

	2016				Saldo akhir/ Ending balance	
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Disposals	Transfer/ Transfers		
<b>Nilai tercatat</b>						<b>Carrying value</b>
Tanah	63,291,584	40,186	(78)	2,586,810	65,918,502	Land
Bangunan dan prasarana	145,131,201	3,704,404	(22,313)	2,387,295	151,200,587	Building and improvements
Mesin dan peralatan	2,319,814,897	10,413,266	(9,406,796)	75,928,876	2,396,750,243	Machineries and equipment
Kendaraan bermotor	3,660,691	1,655,082	(374,462)	-	4,941,311	Vehicles
Peralatan kantor	12,896,083	3,010,737	(159,299)	135,691	15,883,212	Office equipment
Peralatan dan perabot	11,419,066	149,524	(389,801)	-	11,178,789	Furnitures and fixtures
Aset belum terpasang	11,789,284	322,361	(1,869,810)	-	10,241,835	Uninstalled assets
Aset dalam pelaksanaan	505,108,402	92,830,877	-	(81,038,672)	516,900,607	Construction in progress
Aset kerjasama operasi	-	-	-	-	-	Joint venture assets
- Tanah	2,120,223	-	-	-	2,120,223	Land -
Total nilai tercatat	3,075,231,431	112,126,437	(12,222,559)	-	3,175,135,309	Total carrying value
<b>Akumulasi penyusutan</b>						<b>Accumulated depreciation</b>
Bangunan dan prasarana	50,282,669	7,200,906	(22,313)	-	57,461,262	Building and improvements
Mesin dan peralatan	1,128,749,112	130,982,983	(58,228)	-	1,259,673,867	Machineries and equipment
Kendaraan bermotor	1,757,148	1,791,663	(313,352)	-	3,235,459	Vehicles
Peralatan kantor	10,020,927	2,010,431	(155,111)	-	11,876,247	Office equipment
Peralatan dan perabot	9,504,586	856,881	(249,419)	-	10,112,048	Furnitures and fixtures
Aset belum terpasang	3,621,632	1,013,978	(490,178)	-	4,145,432	Uninstalled assets
total akumulasi penyusutan	1,203,936,074	143,856,842	(1,288,601)	-	1,346,504,315	Total accumulated depreciation
Nilai buku	1,871,295,357				1,828,630,994	Book value

Penyusutan dibebankan ke:

Depreciation was charged to:

	2017	2016	
Beban pokok pendapatan	18,035,819	17,166,802	Cost of revenue
Beban distribusi dan transmisi	167,431,706	115,556,910	Distribution and transmission expenses
Beban umum dan administrasi	13,395,572	11,133,130	General and administrative expenses
	198,863,097	143,856,842	

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**14. ASET TETAP (lanjutan)**

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 2017, 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 USD901.898.994 dan pipa offshore sebesar USD386.926.673 untuk setiap kejadian kerugian dan USD38.657.253 dan Rp7.258.452.968.236 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 Pondok Ungu, Ngagel Surabaya, Kantor Pusat Jakarta dan Bogor sebesar Rp71.870.162.631 dan aset KJG sebesar USD 267.570.793.

Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kemungkinan kerugian atas aset yang dipertanggungkan.

Pada tanggal 31 Desember 2017 dan 2016, jumlah harga perolehan aset tetap Grup yang telah disusutkan penuh dan masih digunakan dalam kegiatan operasional adalah masing-masing sebesar USD138.856.972 dan USD120.215.858.

**14. FIXED ASSETS (continued)**

*Joint operation represent the Company's land in Surabaya which is used by PT Citraagung Tirta Jatim for shopping center development and Head Office's land in Jakarta which is used by PT Winatek Sinergi Mitra Bersama for development 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 can be extended.*

*As of December 31, 2017, fixed assets of the Company are covered by insurance against losses from fire and other risks under certain blanket policies for with sum insured for onshore pipeline of USD50,000,000 for any accident or occurrence of sum insured totaling USD901,898,994 and offshore pipeline of USD386,926,673 for any accident or occurrence and USD38,657,253 and Rp7,258,452,968,236 for other assets. The subsidiaries' fixed assets 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, asset SPBG Pondok Ungu, Ngagel Surabaya, Kantor Pusat Jakarta and Bogor for Rp71,870,162,631 and KJG Asset for USD267,570,793.*

*Management believes that the amount insured are adequate to cover possible losses from insured assets.*

*As of December 31, 2017 and December 31, 2016, the cost of the Group's fixed assets which have been fully depreciated and still used in the operational activities amounted to USD138,856,972 and USD120,215,858, respectively.*



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## 14. ASET TETAP (lanjutan)

Pada tanggal 31 Desember 2017 dan 2016, nilai wajar aset mesin dan peralatan Perusahaan masing-masing adalah sekitar sebesar USD2.054.603.655 dan USD2.064.402.643. 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 2017 dan 2016.

Aset dalam penyelesaian merupakan proyek yang masih belum selesai pada tanggal laporan keuangan konsolidasian. Rincian aset dalam penyelesaian signifikan pada tanggal neraca adalah sebagai berikut:

	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>
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 2018
Pemasangan pipa sambungan pelanggan rumah tangga di Jakarta, Bekasi, Cirebon, Palembang, dan Tangerang/ <i>Installation of household customer attachment at Bekasi, Cirebon, Palembang, dan Tangerang</i>	99.00%	1,989,774	Februari/February 2018
Pemasangan pipa sambungan pelanggan Wilayah I/ <i>Installation of customer attachment pipeline Wilayah I</i>	80.39%	910,701	Maret/March 2018

## 14. FIXED ASSETS (continued)

As of December 31, 2017 and December 31, 2016, the fair values of the Company's machinery and equipment assets approximately amounted to USD2,054,603,655 and USD2,064,402,643, 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 are no impairment indicator identified to the fixed assets at December 31, 2017 and 2016.

Construction in progress represents projects that have not been completed at the date of the consolidated financial statements. List of construction in progress as at balance sheet date is as follow:

1  
PERFORMANCE  
OVERVIEW2  
REPORT TO THE  
SHAREHOLDERS3  
COMPANY PROFILE4  
MANAGEMENT DISCUSSION  
AND ANALYSIS5  
GOOD CORPORATE  
GOVERNANCE6  
CORPORATE SOCIAL  
RESPONSIBILITY7  
CONSOLIDATED FINANCIAL  
STATEMENT8  
REGULATORY  
CROSS REFERENCE

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## 14. ASET TETAP (lanjutan)

## 14. FIXED ASSETS (continued)

Aset dalam pelaksanaan/ <i>Construction in progress</i>	2016		
	Persentase penyelesaian/ <i>Percentage of completion</i>	Akumulasi biaya/ <i>Accumulated costs</i>	Estimasi tanggal penyelesaian/ <i>Estimated completion date</i>
EPC Gresik-Lamongan-Tuban Pipeline Project Phase 1 (CP-21A) Distribution Pipeline Project Phase 1 (CP-21A)	59.68%	6,715,413	April 2017
Pemasangan PGN Sayang Ibu – 2016/ <i>PGN Sayang Ibu installation – 2016</i>	43.9%	6,157,553	Mei/May 2017
Pemasangan Koneksi Pipa ke Husky/ <i>Installation of pipe connection to Husky</i>	59.51%	3,288,407	April 2017
Sektorisasi Narogong Area Jawa bagian barat/ <i>Narogong sectorisation Area of western Java</i>	76.0%	2,443,088	Juni/ June 2017
Pemasangan Pipa Cabang CA Wilayah II – 2016/ <i>Pipe branch installation region II – 2016</i>	51.73%	2,220,114	Maret/March 2017

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. PROPERTI MINYAK DAN GAS

## 15. OIL AND GAS PROPERTIES

## 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 follow:

Blok/Lokasi	2017				Saldo akhir/ <i>Ending balance</i>	Blok/Lokasi
	Saldo awal/ <i>Beginning balance</i>	Akuisisi/ <i>Acquisition</i>	Penambahan/ <i>Addition</i>	Pengurangan/ <i>Deduction</i>		
- CBM Lematang Sulawesi Selatan	-	-	-	-	-	- CBM Lematang, South Sulawesi
- Sesulu, Kalimantan Timur	50,475,164	-	23,082,700	-	73,557,864	Sesulu, East Kalimantan
- Bangkanai Barat, Kalimantan Tengah	1,786,943	-	809,566	-	2,596,509	West Bengkanai, Central Kalimantan
- Wokam II Papua Barat	332,545	-	292,882	-	625,427	Wokam II, West Papua
	<u>52,594,652</u>	<u>-</u>	<u>24,185,148</u>	<u>-</u>	<u>76,779,800</u>	
Blok/Lokasi	2016				Saldo akhir/ <i>Ending balance</i>	Blok/Lokasi
	Saldo awal/ <i>Beginning balance</i>	Akuisisi/ <i>Acquisition</i>	Penambahan/ <i>Addition</i>	Pengurangan/ <i>Deduction</i>		
- CBM Lematang Sulawesi Selatan	53,057	-	-	(53,057)	-	- CBM Lematang, South Sulawesi
- Sesulu, Kalimantan Timur	48,726,997	-	1,748,167	-	50,475,164	Sesulu, East Kalimantan
- Bangkanai Barat, Kalimantan Tengah	1,167,192	-	619,751	-	1,786,943	West Bengkanai, Central Kalimantan
- Wokam II Papua Barat	-	262,500	70,045	-	332,545	Wokam II, West Papua
	<u>49,947,246</u>	<u>262,500</u>	<u>2,437,963</u>	<u>(53,057)</u>	<u>52,594,652</u>	

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## 15. PROPERTI MINYAK DAN GAS (lanjutan)

## 15. OIL AND GAS PROPERTIES (continued)

## 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  
follow:

	2017				Saldo akhir/ Ending balance	
	Saldo awal/ Beginning balance	Penambahan/ Addition	Pembalikan/ Reversal	Pengurangan/ Deduction		
<b>Harga perolehan</b>						<b>Cost</b>
- 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 Sumatra,						Southeast Sumatra, -
Sumatera	57,942,621	-	-	(143,419)	57,799,202	Sumatra
- 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>	
<b>Akumulasi penyusutan, deplesi, dan amortisasi</b>						<b>Accumulated depreciation, depletion and amortisation</b>
- 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 Sumatra,						Southeast Sumatra, -
Sumatera	-	(26,965,951)	-	-	(26,965,951)	Sumatra
- Sanga-sanga,						Sanga-sanga, -
Kalimantan Timur	(19,934,692)	(6,517,278)	-	-	(26,451,970)	East Kalimantan
- Muara Bakau						Muara Bakau,
Kalimantan	(4,083,120)	(21,639,990)	-	-	(25,723,110)	Kalimantan
	<u>(435,299,340)</u>	<u>(259,389,590)</u>	<u>-</u>	<u>-</u>	<u>(694,688,930)</u>	
<b>Akumulasi penurunan nilai</b>						<b>Accumulated impairment</b>
- 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 Sumatra,						Southeast Sumatra, -
Sumatera	(25,506,396)	-	-	-	(25,506,396)	Sumatra
- 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 value

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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)

	2016				Saldo akhir/ Ending balance	
	Saldo awal/ Beginning balance	Penambahan/ Addition	Akuisisi/ Acquisition	Pengurangan/ Deduction		
<b>Harga perolehan</b>						<b>Cost</b>
- Ketapang, Jawa Timur	239,079,200	17,619,807	-	-	256,699,007	Ketapang, East Java -
- Bangkanai,						Bangkanai, -
Kalimantan Tengah	85,940,287	950,058	-	-	86,890,345	Central Kalimantan
- Pangkah, Jawa Timur	964,796,490	56,046,803	-	-	1,020,843,293	Pangkah, East Java -
- Fasken, Texas	249,972,835	27,453,877	-	-	277,426,712	Fasken, Texas -
- Muriah, Jawa Tengah	112,514,596	5,891,853	-	-	118,406,449	Muriah, Central Java -
- Southeast Sumatera,						Southeast Sumatera, -
Sumatera	58,759,641	-	-	(817,020)	57,942,621	Sumatra
- Sanga-sanga,						Sanga-sanga, -
Kalimantan Timur	-	-	35,100,000	(583,036)	34,516,964	East Kalimantan
- Muara Bakau,						Muara Bakau, -
Kalimantan	312,673,293	149,959,598	-	-	462,632,891	Kalimantan
	<u>2,023,736,342</u>	<u>257,921,996</u>	<u>35,100,000</u>	<u>(1,400,056)</u>	<u>2,315,358,282</u>	
						<b>Accumulated</b>
<b>Akumulasi penyusutan,</b>						<b>depreciation,</b>
<b>delesi,</b>						<b>depletion</b>
<b>dan amortisasi</b>						<b>and amortisation</b>
- Ketapang, Jawa Timur	(10,010,462)	(41,200,009)	-	-	(51,210,471)	Ketapang, East Java -
- Bangkanai,						Bangkanai, -
Kalimantan Tengah	-	(88,930)	-	-	(88,930)	Central Kalimantan
- Pangkah, Jawa Timur	(206,514,894)	(94,167,484)	-	-	(300,682,378)	Pangkah, East Java -
- Fasken, Texas	(22,151,410)	(24,569,527)	-	-	(46,720,937)	Fasken, Texas -
- Muriah, Jawa Tengah	(3,149,460)	(9,429,352)	-	-	(12,578,812)	Muriah, Central Java -
- Southeast Sumatera,						Southeast Sumatera, -
Sumatera	(11,386,200)	(8,548,492)	-	-	(19,934,692)	Sumatra
- Sanga-sanga,						Sanga-sanga, -
Kalimantan Timur	-	(4,083,120)	-	-	(4,083,120)	East Kalimantan
	<u>(253,212,426)</u>	<u>(182,086,914)</u>	<u>-</u>	<u>-</u>	<u>(435,299,340)</u>	
						<b>Accumulated</b>
<b>Akumulasi</b>						<b>impairment</b>
<b>penurunan nilai</b>						
- Ketapang, Jawa Timur	(12,681,022)	(2,319,456)	-	-	(15,000,478)	Ketapang, East Java -
- Pangkah, Jawa Timur	(90,978,342)	(29,001,623)	-	-	(119,979,965)	Pangkah, East Java -
- Fasken, Texas	(11,068,096)	-	-	-	(11,068,096)	Fasken, Texas -
- Southeast Sumatera,						Southeast Sumatera, -
Sumatera	(19,464,480)	(5,880,249)	-	-	(25,344,729)	Sumatra
	<u>(134,191,940)</u>	<u>(37,201,328)</u>	<u>-</u>	<u>-</u>	<u>(171,393,268)</u>	
Nilai buku, bersih	<u>1,636,331,976</u>				<u>1,708,665,674</u>	Net book value

Pada tahun 2017 dan 2016 terdapat penyesuaian biaya pembongkaran masing-masing sebesar USD9.225.740 dan USD5.978.245 akibat perubahan estimasi proyeksi biaya yang dicatat sebagai penambahan biaya perolehan (Catatan 24).

Penurunan nilai properti minyak dan gas pada tahun yang berakhir 31 Desember 2017, secara umum disebabkan oleh penurunan cadangan gas di blok Muriah. Sementara itu, penurunan nilai di tahun 2016 diakibatkan penurunan prediksi harga minyak masa depan selama masa PSC pada masing-masing blok minyak.

Pada tanggal 31 Desember 2017, seluruh sumur, perlengkapan dan fasilitas terkait diasuransikan dengan nilai pertanggung jawaban sebesar USD1.310.024.449.

In 2017 and 2016, there were adjustments to dismantling costs amounting to USD9,225,740 and USD5,978,245, respectively, due to the change in estimation of projected cost which were included as additions to cost (Note 24).

Impairment in oil and gas properties during the year ended December 31, 2017, is triggered primarily by the gas reserve decrease in Muriah Block. Meanwhile, impairment during 2016 mainly resulted from the decrease in the oil price forecasts, during the period of PSC for each oil and gas block.

As of December 31, 2017, all wells and related equipment and facilities were insured with sum insured of USD1,310,024,449.

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## 15. ASET MINYAK DAN GAS (lanjutan)

## 15. OIL AND GAS ASSETS (continued)

## c. Uji penurunan nilai atas properti minyak dan gas

## c. Impairment test on oil and gas properties

Mutasi cadangan kerugian penurunan nilai properti minyak dan gas adalah sebagai berikut:

Movements in the allowance for impairment losses on oil and gas properties are as follows:

	<u>2017</u>	<u>2016</u>	
Saldo awal	171,393,268	156,103,599	Beginning balance
Penambahan tahun berjalan	36,229,296	15,289,669	Additions during the year
Pembalikan penurunan nilai	(43,260,913)	-	Reversal of impairment
<b>Saldo akhir</b>	<b><u>164,361,651</u></b>	<b><u>171,393,268</u></b>	<b>Ending balance</b>

Di tahun 2017, penurunan nilai properti minyak dan gas disebabkan oleh penurunan cadangan gas di blok Muriah selama 2017, sedangkan pembalikan penurunan nilai karena prediksi harga minyak masa depan yang lebih baik dari minyak dan gas di 2016.

In 2017, impairment in oil and gas properties is triggered by the decrease in gas reserves of Muriah block during 2017, while the reversal of the provision for impairment because of the better oil and gas price outlook compared to 2016.

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 laporan 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.

In 2017, the Group recognised the reversal of impairment on oil and gas properties in Pangkah and Fasken blocks amounting to USD32,192,817 and USD11,068,096. This reversal is 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.

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.

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.

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.

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)**

**c. Uji penurunan nilai atas 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 2017 dan 2016 adalah sebagai berikut:

	<u>2017</u>
Harga minyak Periode 1-3 tahun Di atas 3 tahun	USD64.47 – USD75.54 USD75.54
Harga gas	Sesuai kontrak penjualan/ Based on sales agreement
Tingkat diskonto Blok Muriah Blok Ketapang Blok Pangkah Blok Southeast Sumatera Blok Fasken	6.00% - <sup>2)</sup> 6.00% <sup>3)</sup> - <sup>2)</sup> 6.50% <sup>3)</sup>
Periode arus kas Blok Muriah Blok Ketapang Blok Pangkah Blok Southeast Sumatera Blok Fasken	sampai/until 2020 - <sup>2)</sup> sampai/until 2026 <sup>3)</sup> - <sup>2)</sup> sampai/until 2040 <sup>3)</sup>
Nilai terpulihkan Blok Muriah Blok Ketapang Blok Pangkah Blok Southeast Sumatera Blok Fasken	USD32,736,746 - <sup>2)</sup> USD571,635,938 <sup>3)</sup> - <sup>2)</sup> USD238,362,283 <sup>3)</sup>

**Keterangan:**

- 1) Pada tanggal 31 Desember 2016, tidak ada indikasi penurunan nilai untuk Blok Muriah.
- 2) Pada tanggal 31 Desember 2017, tidak ada indikasi penurunan nilai untuk Blok Ketapang dan Southeast Sumatera.
- 3) 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 2016.

**15. OIL AND GAS ASSETS (continued)**

**c. Impairment test on oil and gas properties (continued)**

A discounted cash flow calculation was used, which involved 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 assumption used and recoverable amounts as at December 31, 2017 and 2016 are as follows:

	<u>2016</u>	
USD59.46 – USD74.29 USD76.92	USD59.46 – USD74.29 USD76.92	Oil prices 1 - 3 years period Above 3 years
Sesuai kontrak penjualan/ Based on sales agreement	Sesuai kontrak penjualan/ Based on sales agreement	Gas prices
- <sup>1)</sup> 7.00% 7.00%	- <sup>1)</sup> 7.00% 7.00%	Discount rate Muriah Block Ketapang Block Pangkah Block Southeast Sumatra Block Fasken Block
- <sup>2)</sup> 6.58% - <sup>3)</sup>	- <sup>2)</sup> 6.58% - <sup>3)</sup>	Cashflows period Muriah Block Ketapang Block Pangkah Block Southeast Sumatra Block Fasken Block
- <sup>1)</sup> USD190,488,063 USD599,574,566	- <sup>1)</sup> USD190,488,063 USD599,574,566	Recoverable amount Muriah Block Ketapang Block Pangkah Block Southeast Sumatra Block Fasken Block

**Remarks:**

- 1) As at December 31, 2016, there were no impairment indicator for Muriah Block.
- 2) As at December 31, 2017, there were no impairment indicator for Ketapang and Southeast Sumatera Block.
- 3) 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 31 December 2016.

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## 15. ASET MINYAK DAN GAS (lanjutan)

## c. Uji penurunan nilai atas properti minyak dan gas (lanjutan)

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:

	<u>Perubahan asumsi/ Change in assumptions</u>
<b>31 Desember 2017</b>	
Tingkat diskonto	kenaikan/increase by 1%
Harga minyak	kenaikan/increase by 10% penurunan/decrease by 10%
<b>31 Desember 2016</b>	
Tingkat diskonto	kenaikan/increase by 1%
Harga minyak	penurunan/decrease by 10% kenaikan/increase by 10%

\*) Dikarenakan mekanisme *cost recovery* di blok Pangkah.

## 15. OIL AND GAS ASSETS (continued)

## c. Impairment test on oil and gas properties (continued)

Other assumptions used by management are *lifting*, operating expenditure, and capital expenditure. The projected annual *lifting* and operating and capital expenditure 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:

<u>Dampak terhadap nilai terpulihkan/ Impact on recoverable amount</u>
--

	<u>December 31, 2017</u>
Tingkat diskonto	Discount rate
Harga minyak	Oil prices
<b>December 31, 2016</b>	
Tingkat diskonto	Discount rate
Harga minyak	Oil prices

\*) Due to cost recovery mechanism in Pangkah block.

## 16. GOODWILL DAN ASET TAK BERWUJUD LAINNYA

Perubahan dalam akun goodwill dan aset tak berwujud lainnya untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	<u>2017</u>			
	<u>Saldo awal/ Beginning balance</u>	<u>Penambahan/ Addition</u>	<u>Pengurangan/ Deduction</u>	<u>Saldo akhir/ Ending balance</u>
<b>Harga perolehan</b>				<b>Cost</b>
Goodwill	88,058,404	-	-	Goodwill
Piranti lunak	4,303,140	297,914	-	Software
Hak atas tanah	1,922,048	139,573	-	Land rights
	<u>94,283,592</u>	<u>437,487</u>	<u>-</u>	<u>94,721,079</u>
<b>Akumulasi amortisasi</b>				<b>Accumulated amortisation</b>
Piranti lunak	(1,164,896)	(762,547)	-	Software
Hak atas tanah	(488,508)	(66,193)	-	Land rights
	<u>(1,653,404)</u>	<u>(828,740)</u>	<u>-</u>	<u>(2,482,144)</u>
<b>Akumulasi penurunan nilai</b>				<b>Accumulated impairment</b>
Goodwill	(88,003,028)	-	-	Goodwill
Nilai buku bersih	<u>4,627,160</u>	<u>-</u>	<u>-</u>	<u>4,235,907</u> Net book value

## 16. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the goodwill and other intangible assets account for the years ended December 31, 2017 and 2016 are as follows:

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LAINNYA (lanjutan)16. GOODWILL AND OTHER INTANGIBLE ASSETS  
(continued)

	2016			Saldo akhir/ Ending balance	
	Saldo awal/ Beginning balance	Penambahan/ Addition	Pengurangan/ Deduction		
<b>Harga perolehan</b>					<b>Cost</b>
Goodwill	88,058,404	-	-	88,058,404	Goodwill
Piranti lunak	3,472,455	830,685	-	4,303,140	Software
Hak atas tanah	1,863,328	58,720	-	1,922,048	Land rights
	<u>93,394,187</u>	<u>889,405</u>		<u>94,283,592</u>	
<b>Akumulasi amortisasi</b>					<b>Accumulated amortisation</b>
Piranti lunak	(1,121,545)	(43,351)		(1,164,896)	Software
Hak atas tanah	(418,567)	(69,941)		(488,508)	Land rights
	<u>(1,540,112)</u>	<u>(113,292)</u>		<u>(1,653,404)</u>	
<b>Akumulasi penurunan nilai</b>					<b>Accumulated impairment</b>
Goodwill	(88,003,028)	-	-	(88,003,028)	Goodwill
Nilai buku bersih	<u>3,851,047</u>			<u>4,627,160</u>	Net book value

Goodwill merupakan saldo yang timbul karena akuisisi kepemilikan atas SIPBV, SIPL, dan SPLLC sebagai akibat dari pengukuran nilai wajar aset dan liabilitas milik SIPBV, SIPL, dan SPLLC pada tanggal akuisisi (lihat Catatan 4).

Goodwill represents balance arising from acquisition of ownership in SIPBV, SIPL and SPLLC, as result of fair value measurement to assets and liabilities owned by SIPBV, SIPL and SPLLC at acquisition date (see Note 4).

Pengujian penurunan nilai goodwill dilakukan bersama dengan pengujian penurunan nilai properti minyak dan gas karena berasal dari UPK yang sama, yaitu Blok Pangkah. Lihat Catatan 15c untuk metode dan asumsi yang digunakan dalam pengujian penurunan nilai.

Impairment test on goodwill were performed together with impairment test on oil and gas properties, since they come from the same CGU, Pangkah Block. See Note 15c for method and assumptions used in the impairment test.

## 17. UTANG USAHA

## 17. TRADE PAYABLES

	2017	2016	
<b>Pihak berelasi</b>			<b>Related parties</b>
PT Pertamina EP	19,275,751	17,178,883	PT Pertamina EP
PT Pertamina Hulu Energi	4,498,156	6,326,177	PT Pertamina Hulu Energi
PT Pertamina Gas	<u>1,722,088</u>	<u>2,100,382</u>	PT Pertamina Gas
	<u>25,495,995</u>	<u>25,605,442</u>	
<b>Pihak ketiga</b>			<b>Third parties</b>
ConocoPhillips (Grissik) Ltd.	45,210,826	67,444,293	ConocoPhillips (Grissik) Ltd.
Husky CNOOC	8,456,850	-	Husky CNOOC.
Santos Madura Offshore	5,071,056	2,467,209	Santos Madura Offshore
PT Taruko Energy	3,318,384	2,523,231	PT Taruko Energy
PT Indogas Dwi Kriyaguna	2,144,846	4,891,270	PT Indogas Dwi Kriyaguna
PT Inti Daya Latu Prima	1,170,582	1,211,328	PT Inti Daya Latu Prima
PT Bayu Buana Gemilang	599,398	1,545,025	PT Bayu Buana Gemilang
PT Sadikun Niagamas Raya	154,048	105,730	PT Sadikun Niagamas Raya
Sembcorp Gas Pte. Ltd	-	1,324,598	Sembcorp Gas Pte. Ltd
Lain-lain (masing-masing dibawah USD1.000.000)	<u>3,559,094</u>	<u>4,641,621</u>	Others (each below USD1,000,000)
	<u>69,685,084</u>	<u>86,154,305</u>	
Jumlah utang usaha	<u>95,181,079</u>	<u>111,759,747</u>	Total trade payables



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## 17. UTANG USAHA (lanjutan)

Utang usaha berasal dari pembelian barang dan jasa. 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.

## 18. UTANG LAIN-LAIN

	2017	2016
<b>Pihak berelasi</b>		
Transgasindo	2,040,727	1,677,249
<b>Pihak ketiga</b>		
Liabilitas kepada kontraktor dan pemasok (2017: USD 42.878.037 dan Rp473.591.480.846 2016: USD 35.855.168 dan Rp407.073.491.441)	35,785,809	68,080,688
Pendapatan diterima di muka dari penjualan minyak dan gas	21,450,115	-
Jaminan gas (2017: USD 14.258.454 dan Rp nihil 2016: USD16.912.959 dan Rp15.188.684.280)	14,258,454	18,041,679
Utang <i>cash call</i>	10,473,370	14,990,967
PT Riau Andalan Pulp and Paper ("RAPP")	1,909,554	1,909,674
Lain-lain (2017: Rp113.734.368.774 2016: Rp36.303.204.711)	8,576,701	2,708,163
	<u>92,454,003</u>	<u>105,731,171</u>
Total	<u>94,494,730</u>	<u>107,408,420</u>

Liabilitas kepada kontraktor dan pemasok merupakan liabilitas sehubungan dengan pembangunan gedung Project Management Operation ("PMO") Wilayah 2 dan PMO Wilayah 3 beserta liabilitas kepada kontraktor terkait aktivitas 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 Fasken, Muriah, Ketapang, dan Sanga-sanga.

Utang lain-lain pembelian barang dan jasa terkait utang kepada pemasok terkait dengan pembelian barang dan jasa.

Utang lancar lainnya kepada RAPP terkait dengan PJBG. Berdasarkan perjanjian ini, RAPP bersedia menyediakan fasilitas-fasilitas seperti jaringan pipa gas, *metering station* dan fasilitas lainnya yang kemudian akan dikompensasi dengan pemakaian gas RAPP.

## 17. TRADE PAYABLES (continued)

The trade payables arose from the purchase of goods and services. 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 equal their carrying amount.

## 18. OTHER PAYABLES

	2017	2016
<b>Related parties</b>		
Transgasindo	2,040,727	1,677,249
<b>Third parties</b>		
Liabilities to contractors and suppliers (2017: USD 42,878,037 and Rp473,591,480,846 2016: USD35,855,168 and Rp407,073,491,441)	35,785,809	68,080,688
Unearned revenue from oil and gas sale	21,450,115	-
Gas guarantee deposits (2017: USD 14,258,454 and Rp nil 2016: USD16,912,959 and Rp15,188,684.280)	14,258,454	18,041,679
Cash call payable	10,473,370	14,990,967
PT Riau Andalan Pulp and Paper ("RAPP")	1,909,554	1,909,674
Others (2017: Rp113,734,368,774 2016: Rp36,303,204,711)	8,576,701	2,708,163
	<u>92,454,003</u>	<u>105,731,171</u>
Total	<u>94,494,730</u>	<u>107,408,420</u>

Liabilities to contractors and suppliers represents mainly liabilities related to the construction of building for Project Management Operation ("PMO") Area 2 and PMO Area 3 and liabilities to contractors related to the oil and gas activities.

Gas guarantee deposits payable represents gas deposits received by the Company from the customers in relation to the gas sales transactions.

Cash call payables represent payables to operator related with operational activities in Fasken, Muriah, Ketapang and Sanga-sanga blocks.

Other payables purchase of goods and services related to payables to suppliers for purchase of goods and services.

Other payables to RAPP is related to GSPA. Based on this agreement, RAPP agreed to build facilities such as gas pipeline, metering station and other facilities and those will be compensated by RAPP's usage of gas.

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**19. LIABILITAS YANG MASIH HARUS DIBAYAR**

**19. ACCRUED LIABILITIES**

Liabilitas yang masih harus dibayar terdiri dari:

*Accrued liabilities consist of the following:*

	<u>2017</u>	<u>2016</u>	
Liabilitas atas aktivitas minyak dan gas	123,579,526	130,507,563	<i>Liabilities for oil and gas activities</i>
Liabilitas kepada kontraktor dan pemasok (2017: USD2.322.045 dan Rp664.441.425.801; 2016: USD8.391.715 dan Rp974.475.276.548)	51,366,422	83,949,632	<i>Liabilities to contractors and suppliers (2017: USD2,322,045 and Rp664,441,425,801; 2016: USD8,391,715 and Rp974,475,276,548)</i>
Bunga (2017: USD 14.594.784 dan JPY 145.893.596; 2016: USD13.894.996 dan JPY15.614.914)	15,889,391	15,197,196	<i>Interests (2017: USD 14,594,784 and JPY 145,893,596; 2016: USD13,894,996 and JPY15,614,914)</i>
Lain-lain (2017: Rp15.940.330.719; 2016: Rp20.731.804.321)	<u>1,175,712</u>	<u>1,543,004</u>	<i>Others (2017: Rp15,940,330,719; 2016: Rp 20,731,804,321)</i>
Jumlah liabilitas yang masih harus dibayar	<u>192,011,051</u>	<u>231,197,395</u>	<i>Total accrued liabilities</i>

Liabilitas atas aktivitas minyak dan gas merupakan liabilitas yang berkaitan dengan aktivitas eksplorasi dan produksi minyak dan gas.

*Liabilities for oil and gas activities represent liabilities relating to oil and gas exploration and production activities.*

Liabilitas kepada kontraktor dan pemasok merupakan liabilitas dimana tagihan atas liabilitas tersebut belum diterima Grup.

*Liabilities to contractors and suppliers represent liabilities for which the related invoices for such amount have not been received by the Group.*

Biaya bunga yang masih harus dibayar terdiri dari biaya bunga pinjaman bank jangka panjang dan bunga obligasi.

*Accrued interest consists of interest from long-term bank borrowings and interest from bonds.*

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**20. PINJAMAN BANK****20. BANK LOANS****a. Pinjaman bank jangka panjang****a. Long-term bank loan**

	<u>2017</u>	<u>2016</u>	
<b>Pihak berelasi</b>			<b>Related party</b>
BNI	-	18,750,000	BNI
<b>Penerusan pinjaman</b>			<b>Two-step loan</b>
Japan Bank for International Cooperation (2017: JPY 2.745.496.000 dan 2016: JPY2.798.294.000)	360,034,489	362,177,702	Japan Bank for International Cooperation (2017: JPY 2,745,496,000 and 2016: JPY2,798,294,000)
International Bank for Reconstruction and Development	39,995,756	43,815,759	International Bank for Reconstruction and Development
European Investment Bank	11,876,683	16,627,357	European Investment Bank
	<u>411,906,928</u>	<u>422,620,818</u>	
<b>Pihak ketiga</b>			<b>Third parties</b>
Pinjaman sindikasi	25,000,000	1,036,250,000	Syndicated loan
Biaya transaksi yang belum diamortisasi	(316,900)	(10,317,348)	Unamortised transactions costs
Jumlah pinjaman	<u>436,590,028</u>	<u>1,467,303,470</u>	Total loans
Dikurangi:			Less:
Bagian jangka pendek dari pinjaman jangka panjang	(22,857,361)	(170,987,760)	Current portion of long-term loans
<b>Bagian jangka panjang</b>	<u><b>413,732,667</b></u>	<u><b>1,296,315,710</b></u>	<b>Long-term portion</b>

Penerusan pinjaman merupakan pinjaman jangka panjang yang diperoleh dari Pemerintah Republik Indonesia.

Two-step loans represent long-term loans from the Government of the Republic of Indonesia.

Beberapa informasi lain yang signifikan terkait dengan pinjaman bank pada tanggal 31 Desember 2017 adalah sebagai berikut:

Other significant information related to bank borrowings as of December 31, 2017 is as follows:

<b>Kreditur/ Creditor</b>	<b>Mata uang/ Currency</b>	<b>Jumlah fasilitas/ Total facility (mata uang asal/original currency)</b>	<b>Periode pinjaman/ Loan term</b>	<b>Periode pembayaran bunga/ Interest payment period</b>	<b>Tingkat suku bunga per tahun/Annual interest rate</b>	<b>Pembatasan pinjaman/ Debt covenants</b>
Japan Bank for International Cooperation	Yen Jepang/ Japanese Yen	49,088,000,000	28 Mei/ May 2003 - 20 Maret/ March 2043	Setengah tahunan/ Semiannually, (20 Maret/March dan/and 15 September), sejak 20 Maret/ March 2013	Bunga JBIC kepada Pemerintah ditambah 0.5%/ JBIC interest to Government plus 0.5%	Tidak ada/None
International Bank for Re-construction and Development	Dolar AS/ US Dollar	80,000,000	3 April 2006 - 15 Februari/ February 2026	Setengah tahunan/ Semiannually, (15 Feb dan/and 15 Agustus/ August)	Bunga IBRD kepada Pemerintah ditambah 1%/ IBRD interest to Government plus 1%	Tidak ada/None

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**20. PINJAMAN BANK (lanjutan)**

**20. BANK LOANS (continued)**

**a. Pinjaman bank jangka panjang (lanjutan)**

**a. Long-term bank loan (continued)**

<u>Kreditur/ Creditor</u>	<u>Mata uang/ Currency</u>	<u>Jumlah fasilitas/ Total facility (mata uang asal/original currency)</u>	<u>Periode pinjaman/ Loan term</u>	<u>Periode pembayaran/ Payment period</u>	<u>Tingkat suku bunga per tahun/Annual interest rate</u>	<u>Pembatasan pinjaman/ Debt covenants</u>
European Investment Bank	Dolar AS/ US Dollar	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), Sejak 15 Desember/ December 2015	Bunga EIB kepada Pemerintah ditambah 0.5%/ EIB interest to Government plus 0.5%	Debt to equity ratio: 2:1
Sindikasi/ Syndicated (PT BNP Paribas, Hongkong and Shanghai Banking Corp Ltd, PT BNP Paribas Indonesia, Mizuho Bank Singapore, PT Bank Mizuho Indonesia, PT HSBC Securities Indonesia, PT Bank Sumitomo Mitsui Indonesia, Sumitomo Mitsui Banking Corp)	Dolar AS/ US Dollar	600,000,000 (321,375,000 Onshore dan/ and 278,625,000 Offshore)	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 +1.85% untuk porsi Onshore/For Onshore portion, LIBOR +1.6% untuk porsi Offshore/For Offshore portion,	1. Net 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 2017 dan 2016, Perusahaan telah membayar angsuran pertahun sebesar 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, 2017 and 2016, the Company has already paid installments amounting to JPY1,591,118,000 each year.

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**20. PINJAMAN BANK (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 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 pinjaman IBRD SLA 1201 sebesar USD7.616.230 terhitung mulai pada tanggal 1 Februari 2013.

Selama tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016, Perusahaan telah membayar angsuran masing-masing sebesar USD3.820.003 dan USD 3.662.115.

**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 dengan jumlah tidak melebihi EUR70.000.000 kepada Perusahaan sebagai bagian dari pembiayaan Proyek Distribusi dan Transmisi Gas Tahap II.

Pada tanggal 31 Desember 2017 dan 2016, Grup telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian pinjaman.

Selama tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016, Perusahaan telah membayar angsuran masing-masing sebesar USD4.750.674.

**20. BANK LOANS (continued)**

**a. Long-term bank loan (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 related 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.*

*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 IBRD SLA 1201 loan amounting to USD7,616,230 starting on February 1, 2013.*

*During the years ended December 31, 2017 and 2016, the Company have paid installments amounting to USD3,820,003 USD3,662,115, respectively.*

**3. EIB (Agreement No. SLA-1139/DP3/2000)**

*On September 15, 2000, the Company and the Government entered into a Loan Agreement, which provides for the Government's relending of the EIB loan 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, 2017 and 2016, the Group has complied with all financial ratios required to be maintained under the loan agreements.*

*During the years ended December 31, 2017 and 2016, the Company has already paid installments amounting to USD4,750,674, each year.*

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**20. PINJAMAN BANK (lanjutan)**

**a. Pinjaman bank jangka panjang (lanjutan)**

**4. Pinjaman sindikasi**

(i) 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.

Pada tanggal 31 Desember 2017 dan 2016, Grup telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian pinjaman.

Selama tahun yang berakhir pada tanggal 31 Desember 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 pada laporan laba rugi.

(ii) 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.

Sampai dengan 31 Desember 2017, Perusahaan telah melakukan penarikan terhadap fasilitas pinjaman sebesar USD500.000.000. Pinjaman ini jatuh tempo dalam jangka waktu 5 tahun sejak 2016. Pinjaman ini dikenakan tingkat bunga sebesar LIBOR plus 1,85% untuk porsi *onshore* dan LIBOR plus 1,60% untuk porsi *offshore*. Selama pinjaman masih terutang, Perusahaan diwajibkan memenuhi rasio keuangan tertentu, sebagai berikut:

- a. Maksimum rasio utang bersih (*net debt*) terhadap ekuitas adalah 65:35;
- b. *Interest coverage ratio* setiap saat minimal 4,0:1
- c. *Debt to EBITDA ratio* setiap saat maksimal 4,5:1 untuk dua tahun setelah tanggal efektif dan untuk setiap periode yang relevan setelahnya 3,5:1

**20. BANK LOANS (continued)**

**a. Long-term bank loan (continued)**

**4. Syndicated loans**

(1) *Syndicated loan - 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.*

*As of December 31, 2017 and 2016, the Group has complied with all financial ratios required to be maintained under the loan agreements.*

*During the year ended December 31, 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 profit or loss.*

(ii) *Syndicated loan - 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.*

*Up to 31 December 2017 the Company had drawn down the loan facility amounting to US\$500.000.000. This loan will be due in 5 years from 2016. The loan bears interest at LIBOR plus 1.85% for the onshore portion and LIBOR plus 1.60% for the offshore portion. As long as the loan is still outstanding, the Company is required to meet certain financial ratios, as follows:*

- a. *Maximum net debt to equity ratio is 65:35;*
- b. *Debt service coverage ratio minimum 4.0:1*
- c. *Debt to EBITDA ratio maximum 4.5:1 for two years after the effective date and for each periode relevant thereafter 3.5:1*

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## 20. PINJAMAN BANK (lanjutan)

## 20. BANK LOANS (continued)

## a. Pinjaman bank jangka panjang (lanjutan)

## a. Long-term bank loan (continued)

## 4. Pinjaman sindikasi (lanjutan)

## 4. Syndicated loans (continued)

## (ii) Pinjaman Sindikasi - SEI (lanjutan)

## (ii) Syndicated loan - SEI (continued)

Selama tahun yang berakhir pada tanggal 31 Desember 2017, Perusahaan telah melakukan percepatan pelunasan pinjaman sebesar USD475.000.000 (2016: USD nihil).

During the year ended December 31, 2017, the Company has repaid of the outstanding loans USD475,000,000 (2016: USD nil).

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*.

On 2 November, 2017, this agreement was amended so the facility changed to a new availability of 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.

Fasilitas yang telah diamandemen ini diberikan oleh beberapa bank sebagai berikut:

The following banks acted as lead arrangers to the amended facility:

- Citigroup Global Markets Singapore Pte. Ltd
- DBS Bank Ltd
- PT Bank DBS Indonesia (bertindak sebagai agen)
- Sumitomo Mitsui Banking Corporation, Singapore Branch
- HSBC Singapore Branch
- Mizuho Bank Ltd
- PT Bank Mizuho Indonesia
- BNP Paribas

- Citigroup Global Markets Singapore Pte. Ltd
- DBS Bank Ltd
- PT Bank DBS Indonesia (also acting as Agent)
- Sumitomo Mitsui Banking Corporation, Singapore Branch
- HSBC Singapore Branch
- Mizuho Bank Ltd
- PT Bank Mizuho Indonesia
- BNP Paribas

Pada tanggal 31 Desember 2017 dan 31 Desember 2016, Grup telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian pinjaman.

As of December 31, 2017 and December 31, 2016, the Group has complied with all financial ratios required to be maintained under the loan agreements.

## 5. BNI (Perjanjian No. 058/KPI/PK/2007)

## 5. BNI (Agreement 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.

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.

Pada tahun yang berakhir 31 Desember 2017, Perusahaan telah melunasi seluruh pinjaman dari fasilitas ini.

During the year ended December 31, 2017, the Company has fully repaid the loans from this facility.

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**20. PINJAMAN BANK (lanjutan)**

**20. BANK LOANS (continued)**

**b. Pinjaman bank jangka pendek**

**b. Short-term bank loan**

	<u>2017</u>	<u>2016</u>	
<b>Pihak ketiga</b>			<b>Third parties</b>
PT Bank DBS Indonesia	-	50,000,000	PT Bank DBS Indonesia
PT Bank Sumitomo Mitsui Indonesia	-	50,000,000	PT Bank Sumitomo Mitsui Indonesia
	<u>-</u>	<u>100,000,000</u>	

**1. PT Bank DBS Indonesia (Perjanjian No. 103/PFP-DBSI/VI/1-2/2016)**

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 sampai dengan 13 Mei 2017 dan dikenakan tingkat suku bunga LIBOR tiga bulan ditambah margin sebesar 1,6% per tahun. Periode perjanjian pinjaman ini telah diperpanjang dan akan berlaku sampai tanggal 13 Mei 2018.

Pada tanggal 20 Juli 2017, SEI telah melunasi seluruh pinjaman dari fasilitas ini.

**2. PT Bank Sumitomo Mitsui Indonesia (Perjanjian No. SMBCI/NS/2016)**

Berdasarkan perjanjian pinjaman tanggal 27 Juli 2016, PT Bank Sumitomo Mitsui Indonesia menyetujui untuk 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.

Pada tanggal 31 Desember 2017, SEI menggunakan fasilitas bank garansi sebesar USD11.752.000 sehubungan dengan akuisisi SESSL.

**1. PT Bank DBS Indonesia (Agreement No. 103/PFP-DBSI/VI/1-2/2016)**

*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 until May 13, 2017 and subject to three months LIBOR interest rate plus margin of 1.6% per annum. Period of this loan agreement has been extended and will be valid until May 13, 2018.*

*On July 20, 2017, SEI has fully repaid the loans from this facility.*

**2. PT Bank Sumitomo Mitsui Indonesia (Agreement No. SMBCI/NS/2016)**

*Based on the loan agreement dated July 27, 2016, PT Bank Sumitomo Mitsui Indonesia agreed to provide 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.*

*On December 31, 2017, SEI utilised the bank guarantee facility of USD11,752,000 regarding to the SESSL acquisition.*



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## 20. PINJAMAN BANK (lanjutan)

## 20. BANK LOANS (continued)

## c. Fasilitas yang belum digunakan

## c. Unused facilities

## 1. Bank Mandiri

## 1. Bank Mandiri

Pada tanggal 30 Oktober 2015, Perusahaan memperpanjang perjanjian fasilitas *Non Cash Loan* yang terdiri dari *Standby Letter of Credit* ("SBLC"), Bank Garansi, Surat Kredit Berdokumen dalam Negeri ("SKBDN") dan *Letter of Credit* Impor yang diperoleh dari Bank Mandiri dengan maksimum nilai plafon sebesar USD300.000.000. Fasilitas ini akan jatuh tempo pada tanggal 26 Agustus 2018. Pada tanggal 31 Desember 2017, fasilitas yang belum digunakan sebesar USD106.756.831.

On October 30, 2015, the Company extended the *Non Cash Loan* facility agreement which consist of *Standby Letter of Credit* ("SBLC"), *Bank Guarantee*, *Domestic Letters of Credit* ("SKBDN") and *Letter of Credit* Import, obtained from Bank Mandiri with a maximum limit of USD300,000,000. The facility will mature on August 26, 2018. As of December 31, 2017, the facility which has not been used amounted to USD106,756,831.

## 2. BNI

## 2. BNI

Pada tanggal 19 Desember 2016, Perusahaan memperpanjang fasilitas *Non Cash Loan* (NCL) yang diperoleh dari PT Bank Negara Indonesia (Persero) Tbk yang terdiri dari *Standby Letter of Credit* (SBLC), *Bank Guarantee*, *Letter of Credit* (L/C) dan SKBDN, dengan maksimum nilai plafon sebesar USD140.000.000. Fasilitas ini akan jatuh tempo pada 18 Desember 2018. Di samping itu Perusahaan juga wajib memelihara *current ratio* tidak kurang dari 1 kali, *debt to equity ratio* maksimal 3 kali dan *EBITDA* terhadap *interest* tidak kurang dari 200%. Pada tanggal 31 Desember 2017, fasilitas yang belum digunakan sebesar USD116.396.406.

On December 19, 2016, the Company has extended the *Non Cash Loan* (NCL) facility from PT Bank Negara Indonesia (Persero) Tbk which consists of *Standby Letter of Credit* (SBLC), *Bank Guarantee*, *Letter of Credit* (L/C) and SKBDN with a maximum limit of USD140,000,000. The facility will mature on December 18, 2018. Furthermore, the Company shall also maintain *current ratio* not less than 1 time, *debt to equity ratio* at a maximum 3 times and *EBITDA* to *interest* not less than 200%. As of December 31, 2017, the facility that has not been used amounted to USD 116.396.406.

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**20. PINJAMAN BANK (lanjutan)**

**c. Fasilitas yang belum digunakan (lanjutan)**

**3. PT Bank ANZ Indonesia**

Pada tanggal 16 Maret 2017, Perusahaan mengubah Corporate Facility Agreement dengan PT Bank ANZ Indonesia (Bank ANZ). Bank ANZ akan menyediakan fasilitas korporasi dengan maksimum nilai plafon sebesar USD182.000.000. Fasilitas ini akan jatuh tempo pada tanggal 28 Februari 2018. Fasilitas ini diberikan dengan ketentuan penggunaan keseluruhan dari semua jenis bank garansi (jaminan pembayaran, jaminan pembayaran uang muka, jaminan penawaran, jaminan pelaksanaan dan jaminan pemeliharaan) setiap saat tidak akan melebihi USD100.000.000 dan penggunaan keseluruhan fasilitas pembiayaan modal kerja jangka pendek setiap saat tidak melebihi USD82.000.000. Pada tanggal 31 Desember 2017, fasilitas bank garansi yang belum digunakan sebesar USD 58.310.720 dan untuk fasilitas pembiayaan modal kerja jangka pendek belum dipergunakan sama sekali.

**4. BRI**

Pada tanggal 27 Juli 2017, Perusahaan dengan BRI menandatangani adendum perjanjian kredit dengan perubahan penambahan nilai plafon atas fasilitas Standby Letter of Credit (SBLC)/Fasilitas Bank Garansi (merupakan sub limit fasilitas SBLC)/Penangguhan Jaminan Impor (PJI) menjadi USD400.000.000. Fasilitas ini akan jatuh tempo pada tanggal 5 April 2018. Pada tanggal 31 Desember 2017, fasilitas yang belum digunakan sebesar USD237.612.980.

**5. Citibank**

Pada tanggal 5 Desember 2017, Perusahaan dengan Citibank menandatangani perjanjian kredit fasilitas Standby Letter of Credit (SBLC)/Bank Garansi sebesar USD50.000.000. Pada tanggal 31 Desember 2017, fasilitas yang belum digunakan sebesar USD31.652.920.

**20. BANK LOANS (continued)**

**c. Unused facilities (continued)**

**3. PT Bank ANZ Indonesia**

*On March 16, 2017, the Company amended Corporate Facility Agreement with PT Bank ANZ Indonesia (Bank ANZ). Bank ANZ will provide Corporate Facility with a maximum limit of USD182,000,000. The facility will expire on February 28, 2018. This facility is given with total utilisation of all type of bank guarantee (payment guarantee, advance payment bond, bid bond, performance bond and retention bond) at any time shall not exceed USD100,000,000 and total utilisation of uncommitted a short-term working capital facility at any time shall not exceed USD82,000,000. As of December 31, 2017, a payment guarantee facility that has not been used amounted to USD 58,310,720 and for uncommitted short-term working capital facility has not been used at all.*

**4. BRI**

*On July 27, 2017, the Company and BRI signed amendment of credit agreement with changes in additional amount of maximum limit of Standby Letter of Credit (SBLC)/Bank Guarantee Facility (a sub limit of SBLC Facility)/the guarantees of the suspension of import (PJI) to become USD400,000,000. This facility will mature on April 5, 2018. As of December 31, 2017, the unused facility amounted to USD237,612,980.*

**5. Citibank**

*On December 5, 2017, the Company and Citibank signed credit agreement of Standby Letter of Credit (SBLC)/Bank Guarantee Facility amounted USD50,000,000. As of December 31, 2017, the unused facility amounted to USD31,652,920.*

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## 21. UTANG OBLIGASI

## 21. BONDS PAYABLES

	2017	2016	
<b>Senior Unsecured Fixed Notes</b>			<b>Senior Unsecured Fixed Notes</b>
Nilai nominal	1,350,000,000	1,350,000,000	Nominal value
Diskonto	(13,000,500)	(13,000,500)	Discount
Biaya penerbitan	(5,189,618)	(5,647,211)	Issuance cost
			Amortisation of discount and issuance cost
Amortisasi diskonto dan biaya penerbitan	5,202,355	3,991,412	
	<u>1,337,012,237</u>	<u>1,335,343,701</u>	
<b>SEI Global Bonds</b>			<b>SEI Global Bonds</b>
Nilai nominal	625,000,000	-	Senior Unsecured Fixed Rate Notes
Diskonto	(2,062,500)	-	Discount
Biaya penerbitan	(4,668,510)	-	Issuance cost
			Amortisation of discount and issuance cost
Amortisasi diskonto dan biaya penerbitan	644,956	-	
	<u>618,913,946</u>	<u>-</u>	
Jumlah utang obligasi	<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 Bursa Efek Singapura. 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 2017 dan 2016 masing masing adalah USD1.337.012.236 dan USD1.385.775.000.000. Nilai wajar ini dihitung menggunakan harga penawaran pada tanggal pengukuran 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 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 semi annually 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 are 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, 2017 and 2016 amounted to USD1,337,012,236 and USD1,385,775,000,000, respectively. The fair value is calculated using bid price at measurement date and within level 1 of the fair value hierarchy.

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**21. UTANG OBLIGASI (lanjutan)**

**b. SEI Global Bonds**

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 terutang setengah tahunan setiap tanggal 5 Mei dan 5 November, dimulai pada tanggal 5 November 2017. Obligasi ini dicatatkan pada Bursa Efek Singapura. 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 USD6.805.701. Berdasarkan Moody's Investors Services, Standard & Poor (S&P) dan Fitch Rating, peringkat dari obligasi tersebut masing-masing adalah Ba1, BB+ dan BB+ pada tanggal 31 Desember 2017.

SEI tidak diharuskan melakukan pembentukan dana (*sinking fund*) untuk pelunasan utang obligasi ini.

Nilai wajar dari utang obligasi pada tanggal 31 Desember 2017 adalah USD636.750.000. Nilai wajar ini dihitung menggunakan harga penawaran dan merupakan level 1 pada hirarki nilai wajar.

**21. BONDS PAYABLES (continued)**

**a. SEI Global Bonds**

On April 26, 2017 the 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 semi-annually 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 USD6,805,701. Based on Moody's Investor Service, Standard & Poor (S&P) and Fitch Rating, the bonds are rated at Ba1, BB+, BB+, respectively, as at December 31, 2017.

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, 2017 amounted to USD636,750,000. The fair value is calculated using bid price and within level 1 of the fair value hierarchy.

**22. PERPAJAKAN**

**a. Taksiran tagihan pajak**

	<u>2017</u>	<u>2016</u>	
Pajak Penghasilan:			
Pasal 29	72,216,202	20,084,510	
Pasal 25	<u>118,115</u>	<u>695,482</u>	
	<u>72,334,317</u>	<u>20,779,992</u>	
Pajak lainnya:			
Pasal 4 (2)	60,724,332	61,230,518	
Pajak Pertambahan Nilai ("PPN")	19,751,171	11,897,860	
Pasal 23	2,334,743	122,206	
Pasal 22	<u>7,859</u>	<u>234,979</u>	
	<u>82,818,105</u>	<u>73,485,563</u>	
	<u><u>155,152,422</u></u>	<u><u>94,265,555</u></u>	

**22. TAXATION**

**a. Estimated claims for tax refund**

<i>Income Taxes:</i>
Article 29
Article 25
<i>Other Taxes:</i>
Article 4 (2)
Value Added Taxes ("VAT")
Article 23
Article 22

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## 22. PERPAJAKAN (lanjutan)

## 22. TAXATION (continued)

## b. Utang pajak

## b. Tax payable

	<u>2017</u>	<u>2016</u>	
Pajak Penghasilan:			<i>Income Taxes:</i>
Pasal 29	12,473,511	23,084,330	Article 29
Kurang bayar Pasal 29 untuk tahun pajak 2014 dan 2015	6,468,092	-	Underpayment of Article 29 for fiscal year of 2014 and 2015
Kurang bayar Pasal 29 untuk tahun pajak 2013	-	5,527,440	Underpayment of Article 29 for fiscal year of 2013
Pasal 25	<u>4,289,962</u>	<u>731,162</u>	Article 25
	<u>23,231,565</u>	<u>29,342,932</u>	
Pajak lainnya:			<i>Other Taxes:</i>
Pasal 23			Article 23
(2017: Rp87.629.710.416 2016: Rp Rp48.318.690.996)	6,443,816	3,596,211	(2017: Rp87,629,710,416; 2016: Rp Rp48,318,690,996)
Pajak Pertambahan Nilai			Value Added Taxes
(2017: Rp17.382.707.208; 2016: Rp111.638.232.604)	1,283,046	8,308,889	(2017: Rp17,382,707,208; 2016: Rp111,638,232,604)
Pasal 21			Article 21
(2017: Rp8.086.963.776; 2016: Rp11.398.674.356)	596,912	1,212,270	(2017: Rp8,086,963,776; 2016: Rp11,398,674,356)
Pasal 22			Article 22
(2017: Rp1.394.861.436; 2016: Rp3.101.178.611)	<u>102,957</u>	<u>230,811</u>	(2017: Rp1,394,861,436; 2016: Rp3,101,178,611)
	<u>8,426,731</u>	<u>13,348,181</u>	
	<u>31,658,296</u>	<u>42,691,113</u>	

## c. Beban pajak

## c. Tax expense

	<u>2017</u>	<u>2016</u>	
Perusahaan			<i>Company</i>
Beban pajak kini	44,704,359	73,998,035	Current tax expenses
Penyesuaian beban pajak tahun 2014 dan 2015	6,468,092	-	Income tax expenses 2014 and 2015 adjustment
Penyesuaian beban pajak tahun 2013	-	5,527,440	Income tax expenses 2013 adjustment
Beban pajak tangguhan	<u>7,271,958</u>	<u>3,800,408</u>	Deferred tax expense
Entitas anak			<i>Subsidiaries</i>
Beban pajak kini	23,426,623	17,757,827	Current tax expenses
Beban/(manfaat) pajak tangguhan	<u>45,894,979</u>	<u>(24,682,480)</u>	Deferred tax expense/(benefit)
Konsolidasian			<i>Consolidated</i>
Beban pajak kini	74,599,074	97,283,302	Current tax expenses
Beban/(manfaat) pajak tangguhan	<u>53,166,937</u>	<u>(20,882,072)</u>	Deferred tax expense/(benefit)
Beban pajak penghasilan	<u>127,766,011</u>	<u>76,401,230</u>	<i>Income tax expense</i>

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**22. PERPAJAKAN (lanjutan)**

**22. TAXATION (continued)**

**c. Beban pajak (lanjutan)**

**c. Tax expense (continued)**

Pajak atas laba Grup sebelum pajak 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 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>2017</u>	<u>2016</u>	
Laba konsolidasian sebelum pajak penghasilan	275,550,022	384,985,146	<i>Consolidated profit before tax</i>
Pajak dihitung dengan tarif pajak yang berlaku	54,754,322	90,597,520	<i>Tax calculated at applicable tax rate</i>
Dampak pajak penghasilan pada:			<i>Income tax effect from:</i>
- Pendapatan dividen	(13,991,129)	(21,220,839)	<i>Dividend income -</i>
- Penghasilan tidak kena pajak	(15,795,506)	(16,692,456)	<i>Income not subject to tax -</i>
- Beban yang tidak dapat dikurangkan	42,221,592	12,670,789	<i>Non-deductible expenses -</i>
- Perubahan aset pajak tangguhan yang tidak diakui	<u>60,576,732</u>	<u>11,046,216</u>	<i>Changes in unrecognised - deferred tax assets</i>
Beban pajak penghasilan konsolidasian	<u>127,766,011</u>	<u>76,401,230</u>	<i>Consolidated income tax expense</i>

Rekonsiliasi antara laba sebelum beban pajak, seperti yang tercantum dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan estimasi laba kena pajak adalah sebagai berikut:

*The reconciliation between profit before tax expense, as shown in the consolidated statements of income and other comprehensive income and estimated taxable income is as follows:*

	<u>2017</u>	<u>2016</u>	
Laba konsolidasian sebelum pajak penghasilan	275,550,022	384,985,146	<i>Consolidated profit before taxes</i>
Dikurangi:			<i>Deducted by:</i>
(Rugi)/laba sebelum pajak entitas anak	(17,739,039)	(17,742,785)	<i>(Loss)/profit before tax benefit of subsidiaries</i>
Penyesuaian konsolidasian	<u>33,856,672</u>	<u>63,566,754</u>	<i>Consolidation adjustments</i>
Laba sebelum beban pajak Perusahaan	<u>291,667,655</u>	<u>430,809,115</u>	<i>Income before tax expense of the Company</i>
<b>Beda temporer</b>			<b><i>Temporary differences</i></b>
Imbalan pascakerja dan jangka panjang lainnya	1,948,885	7,347,377	<i>Post-employment and other long-term benefits</i>
Penyisihan penurunan nilai piutang	2,238,412	15,489,166	<i>Provision for impairment of receivables</i>
Gaji dan bonus	(10,288,759)	(803,847)	<i>Salaries and bonus</i>
<b>Beda tetap</b>			<b><i>Permanent differences</i></b>
Gaji dan kesejahteraan karyawan	13,798,665	11,513,015	<i>Salaries and other employees' benefits</i>
Beban yang tak dapat dikurangkan	6,215,228	6,156,226	<i>Non-deductible expenses</i>
Representasi dan jamuan	2,237,209	2,467,165	<i>Representation and entertainment</i>
Pajak dan perizinan	395,776	128,870	<i>Taxes and licenses</i>
Pendapatan dividen dan penghasilan yang dikenakan pajak final	<u>(84,691,276)</u>	<u>(103,116,913)</u>	<i>Dividend income and income subject to final tax</i>
Estimasi laba kena pajak	<u>223,521,795</u>	<u>369,990,174</u>	<i>Estimated taxable income</i>

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## 22. PERPAJAKAN (lanjutan)

## 22. TAXATION (continued)

## c. Beban pajak (lanjutan)

## c. Tax expense (continued)

	2017	2016	
Estimasi laba kena pajak Perusahaan (dari halaman sebelumnya)	<u>223,521,795</u>	<u>369,990,174</u>	<i>Estimated taxable income - the Company (from previous page)</i>
Beban pajak kini - Perusahaan	<u>44,704,359</u>	<u>73,998,035</u>	<i>Current tax expense - the Company</i>
Dikurangi pembayaran pajak di muka - Perusahaan			<i>Less prepaid taxes - Company</i>
Pasal 23	(8,292,957)	(7,496,504)	<i>Article 23</i>
Pasal 25	<u>(60,939,034)</u>	<u>(69,118,993)</u>	<i>Article 25</i>
Lebih bayar pajak penghasilan badan - Perusahaan	(24,527,632)	(2,617,462)	<i>Overpayment of corporate income tax - Company</i>
Lebih bayar pajak penghasilan badan - entitas anak	(4,674,624)	(2,685,974)	<i>Overpayment of corporate income tax - subsidiaries</i>
Lebih bayar pajak penghasilan badan tahun sebelumnya - konsolidasi	<u>(43,132,061)</u>	<u>(15,476,556)</u>	<i>Overpayment of corporate income taxes - consolidated</i>
Lebih bayar pajak penghasilan badan - konsolidasian	<u>(72,334,317)</u>	<u>(20,779,992)</u>	<i>Overpayment of corporate income tax - consolidated</i>

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 2017 dan 5 Januari 2016, Perusahaan telah mendapatkan surat keterangan dari Biro Administrasi Efek atas pemenuhan kriteria-kriteria di atas untuk tahun 2017 dan 2016.

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.

As of January 5, 2017 and January 5, 2016, the Company has obtained the notification letter from Securities Administration Agency regarding the fulfillment of such criterias for the year 2017 and 2016.

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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 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 2017	
<b>Perusahaan</b>					<b>The Company</b>
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
<b>Entitas anak</b>					<b>Subsidiaries</b>
<b>PGASKOM</b>					<b>PGASKOM</b>
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	(25,680)	-	(1,668)	inventory obsolescence
Aset tetap	(99,495)	16,890	-	(82,605)	Fixed assets
Aset pajak tangguhan	<u>240,229</u>	<u>799,951</u>	<u>(326,393)</u>	<u>713,787</u>	Deferred tax assets
<b>PGASSOL</b>					<b>PGASSOL</b>
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
<b>GEI</b>					<b>GEI</b>
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
<b>PLI</b>					<b>PLI</b>
Aset pajak tangguhan					Deferred tax assets
Rugi fiskal	25,639,612	(12,237,138)	-	13,402,474	Fiscal loss
Biaya akresi	1,458,064	67,211	-	1,525,275	Accretion cost
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
<b>PGN Property dan entitas anaknya</b>					<b>PGN Property and its subsidiary</b>
Aset pajak tangguhan					Deferred tax assets
Aset tetap	375,047	122,679	-	497,726	Salaries and bonus
Gaji dan bonus	124,772	(20,704)	-	104,068	Fixed assets
Aset pajak tangguhan	<u>499,819</u>	<u>101,975</u>	<u>-</u>	<u>601,794</u>	Deferred tax assets
<b>Liabilitas pajak tangguhan</b>					<b>Deferred tax liabilities</b>
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



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## 22. PERPAJAKAN (lanjutan)

## 22. TAXATION (continued)

## d. Pajak tangguhan (lanjutan)

## d. Deferred tax (continued)

	1 Januari/ January 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 2017		
<b>SEI dan entitas anaknya</b>					<b>SEI and its subsidiary</b>	
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	
Aset tetap	(45,085,589)	10,146,422	-	(34,939,167)	Fixed assets	
Aset pajak tangguhan	<u>27,719,969</u>	<u>5,612,657</u>	<u>-</u>	<u>33,332,626</u>	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	
Aset tetap	(242,357,058)	(104,269,284)	-	(346,626,342)	Fixed assets	
Liabilitas pajak tangguhan	<u>(84,100,185)</u>	<u>(36,907,517)</u>	<u>-</u>	<u>(121,007,702)</u>	Deferred tax liabilities	
(Beban)/manfaat pajak tangguhan konsolidasian	<u>-</u>	<u>(53,166,937)</u>	<u>506,427</u>	<u>-</u>	Consolidated deferred tax (expense)/benefit	
Aset pajak tangguhan konsolidasian	<u>77,050,565</u>			<u>63,272,391</u>	Consolidated deferred tax assets	
Liabilitas pajak tangguhan konsolidasian	<u>(84,645,847)</u>			<u>(123,528,183)</u>	Consolidated deferred tax liabilities	
	1 Januari/ January 2016	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	Akuisisi/ Acquisition	31 Desember/ December 2016	
<b>Perusahaan</b>						<b>The Company</b>
Aset pajak tangguhan						Deferred tax assets
Imbalan pascakerja dan jangka panjang lainnya	17,828,815	(2,096,288)	915,226	-	16,647,753	Post-employment and other long- term benefits
Gaji dan bonus	7,716,754	(1,704,120)	-	-	6,012,634	Salaries and bonus
Cadangan kerugian penurunan nilai	4,667,999	2,164,233	-	-	6,832,232	Allowance for impairment losses
Cadangan kerugian penurunan nilai persediaan	119,264	(23,853)	-	-	95,411	Allowance for inventory obsolescence
Penyisihan aset pajak tangguhan	(4,787,263)	(2,140,380)	-	-	(6,927,643)	Allowance for deferred tax assets
Aset pajak tangguhan	<u>25,545,569</u>	<u>(3,800,408)</u>	<u>915,226</u>	<u>-</u>	<u>22,660,387</u>	Deferred tax assets
<b>Entitas anak</b>						<b>Subsidiaries</b>
<b>PGASKOM</b>						<b>PGASKOM</b>
Aset pajak tangguhan						Deferred tax assets
Gaji dan bonus	43,466	210,667	-	-	254,133	Salaries and bonus
Imbalan pascakerja dan jangka panjang lainnya	62,775	481,002	(482,198)	-	61,579	Post-employment and other long- term benefits
Cadangan kerugian penurunan nilai persediaan	10,212	13,800	-	-	24,012	Allowance for inventory obsolescence
Aset tetap	(10,205)	(89,290)	-	-	(99,495)	Fixed assets
Aset pajak tangguhan	<u>106,248</u>	<u>616,179</u>	<u>(482,198)</u>	<u>-</u>	<u>240,229</u>	Deferred tax assets
<b>PGASSOL</b>						<b>PGASSOL</b>
Aset pajak tangguhan						Deferred tax assets
Aset tetap	174,745	(90,567)	-	-	84,178	Fixed assets
Gaji dan bonus	673,983	565,637	-	-	1,239,620	Salaries and bonus
Imbalan pascakerja dan jangka panjang lainnya	79,500	388,899	(386,248)	-	82,151	Post-employment and other long- term benefits
Aset pajak tangguhan	<u>928,228</u>	<u>863,969</u>	<u>(386,248)</u>	<u>-</u>	<u>1,405,949</u>	Deferred tax assets

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## 22. PERPAJAKAN (lanjutan)

## 22. TAXATION (continued)

## d. Pajak tangguhan (lanjutan)

## d. Deferred tax (continued)

	1 Januari/ January 2016	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	Akuisisi/ Acquisition	31 Desember/ December 2016	
<b>GEI</b>						<b>GEI</b>
Aset pajak tangguhan						Deferred tax assets
Gaji dan bonus	166,638	(42,563)	-	-	124,075	Salaries and bonus
Imbalan pascakerja dan jangka panjang lainnya	26,212	33,634	7,829	-	67,675	Post-employment and other long- term benefits
Cadangan kerugian penurunan nilai persediaan	13,422	11,965	-	-	25,387	Allowance for inventory obsolescence
Aset pajak tangguhan	<u>206,272</u>	<u>3,036</u>	<u>7,829</u>	<u>-</u>	<u>217,137</u>	Deferred tax assets
<b>PLI</b>						<b>PLI</b>
Aset pajak tangguhan						Deferred tax assets
Rugi fiskal	27,656,255	(2,016,643)	-	-	25,639,612	Fiscal loss
Biaya akresi	201,466	1,256,598	-	-	1,458,064	Accretion cost
Aset tetap	(235,490)	(2,638,752)	-	-	(2,874,242)	Fixed assets
Imbalan pascakerja dan jangka panjang lainnya	11,408	72,023	210	-	83,641	Post-employment and other long- term benefits
Aset pajak tangguhan	<u>27,633,639</u>	<u>(3,326,774)</u>	<u>210</u>	<u>-</u>	<u>24,307,075</u>	Deferred tax assets
<b>PGN Property dan entitas anaknya</b>						<b>PGN Property and its subsidiary</b>
Aset pajak tangguhan						Deferred tax assets
Gaji dan bonus	-	375,047	-	-	375,047	Salaries and bonus
Aset tetap	-	124,772	-	-	124,772	Fixed assets
Aset pajak tangguhan	<u>-</u>	<u>499,819</u>	<u>-</u>	<u>-</u>	<u>499,819</u>	Deferred tax assets
Liabilitas pajak tangguhan						Deferred tax liabilities
Implementasi akuntansi sewa pembiayaan	(2,697,762)	2,052,528	-	-	(645,234)	Implementation of finance lease accounting
Aset tetap	-	(64,233)	-	-	(64,233)	Fixed assets
Gaji dan bonus	-	163,805	-	-	163,805	Salaries and bonus
Liabilitas pajak tangguhan	<u>(2,697,762)</u>	<u>2,152,100</u>	<u>-</u>	<u>-</u>	<u>(545,662)</u>	Deferred tax liabilities
<b>SEI dan entitas anaknya</b>						<b>SEI and its subsidiary</b>
Aset pajak tangguhan						Deferred tax assets
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	4,993,612	(2,515,674)	-	-	2,477,938	Asset abandonment and restoration obligations and other provisions
Unrecovered cost	71,111,264	(783,644)	-	-	70,327,620	Unrecovered cost
Aset tetap	(54,926,474)	9,840,885	-	-	(45,085,589)	Fixed assets
Aset pajak tangguhan	<u>21,178,402</u>	<u>6,541,567</u>	<u>-</u>	<u>-</u>	<u>27,719,969</u>	Deferred tax assets
Liabilitas pajak tangguhan						Deferred tax liabilities
Imbalan pascakerja dan jangka panjang lainnya	1,837,539	(264,196)	(360,423)	-	1,212,920	Post-employment and other long- term benefits
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	2,041,742	3,226,555	-	-	5,268,297	Asset abandonment and restoration obligations and other provisions
Unrecovered cost	130,576,457	31,529,640	-	(10,396,070)	151,710,027	Unrecovered cost
Cadangan kerugian penurunan persediaan	456,697	(391,068)	-	-	65,629	Allowance for inventory obsolescence
Aset tetap	(226,343,299)	(16,013,759)	-	-	(242,357,058)	Fixed assets
Liabilitas pajak tangguhan	<u>(91,430,864)</u>	<u>18,087,172</u>	<u>(360,423)</u>	<u>(10,396,070)</u>	<u>(84,100,185)</u>	Deferred tax liabilities
Aset pajak tangguhan konsolidasian	<u>75,598,358</u>				<u>77,050,565</u>	Consolidated deferred tax assets
Liabilitas pajak tangguhan konsolidasian	<u>(94,128,626)</u>				<u>(84,645,847)</u>	Consolidated deferred tax liabilities

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## 22. PERPAJAKAN (lanjutan)

## 22. TAXATION (continued)

## d. Pajak tangguhan (lanjutan)

## d. Deferred tax (continued)

Perusahaan telah mendapatkan persetujuan untuk menyelenggarakan pembukuan dengan menggunakan mata uang Dolar AS mulai tahun fiskal 2013 dari Kementerian Keuangan Republik Indonesia - Direktorat Jenderal Pajak dalam Surat Keputusan No. KEP-278/WPJ.19/2012 tanggal 20 Maret 2012. GEI, SEI dan PLI juga memperoleh persetujuan yang sama dari Kementerian Keuangan Republik Indonesia - Direktorat Jenderal Pajak untuk masing-masing berdasarkan Surat Keputusan No. KEP-914/WPJ.19/2013 tanggal 16 Juli 2013, Surat Keputusan No. KEP-1951/WPJ.07/2013 tanggal 24 September 2013 dan No. KEP-1950/WPJ.19/2014 tanggal 29 September 2014.

The Company has obtained approval to maintain bookkeeping in US Dollar starting from 2013 fiscal year from the Ministry of Finance of the Republic of Indonesia - Directorate General of Taxation in its Decision Letter No. KEP-278/WPJ.19/2012 dated March 20, 2012. GEI, SEI and PLI also obtained the same approval from the Ministry of Finance of the Republic of Indonesia - Directorate General of Taxation based on Decision Letter No. KEP-914/WPJ.19/2013 dated July 16, 2013, Decision Letter No. KEP-1951/WPJ.07/2013 dated September 24, 2013 and No. KEP-1950/WPJ.19/2014 dated September 29, 2014, respectively.

## e. Rugi pajak

## e. Tax losses

Pada tanggal 31 Desember 2017 dan 2016, entitas anak Grup memiliki rugi pajak yang dapat diklaim sebagai pengurang dari penghasilan kena pajak masa depan. Perusahaan tidak memiliki rugi pajak. Berikut ini adalah informasi mengenai rugi pajak entitas anak.

As at December 31, 2017 and 2016, subsidiaries of the Group had tax losses that can be claimed as deductions from future taxable income. The Company has no tax losses. Below are information regarding subsidiaries' tax losses.

## 31 Desember/December 2017

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	Aset pajak tangguhan yang diakui/ Deferred tax assets recognised
2015	2020	88,967,246	22,241,812	(9,360,954)	12,880,858
2016	2021	2,086,463	521,616	-	521,616
		<u>91,053,709</u>	<u>22,763,428</u>	<u>(9,360,954)</u>	<u>13,402,474</u>

## 31 Desember/December 2016

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	Aset pajak tangguhan yang diakui/ Deferred tax assets recognised
2012	2017	452,556	113,139	(113,139)	-
2013	2018	2,941,478	735,370	(2,113)	733,257
2014	2019	18,263,734	4,565,934	(2,423,007)	2,142,927
2015	2020	88,967,246	22,241,812	-	22,241,812
2016	2021	2,086,463	521,616	-	521,616
		<u>112,711,477</u>	<u>28,177,871</u>	<u>(2,538,259)</u>	<u>25,639,612</u>

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**22. PERPAJAKAN (lanjutan)**

**22. TAXATION (continued)**

**f. Surat Ketetapan Pajak ("SKP")**

**f. Tax Assessment Letters ("SKP")**

**Perusahaan**

**The Company**

Selama periode yang berakhir 31 Desember 2017, Perusahaan menerima Surat Pemberitahuan Hasil Pemeriksaan ("SPHP"), Surat Tagihan Pajak ("STP"), dan Surat Ketetapan Pajak Kurang Bayar ("SKPKB") sebagai berikut:

During the period ended December 31, 2017, the Company received Tax examination result Letter ("SPHP"), Tax Collection Letter ("STP"), and Tax Underpayment Decision Letter ("SKPKB") as follows:

<b>Beban pajak terkait/ Related tax expense</b>	<b>Tahun pajak/ Fiscal year</b>	<b>Surat yang diterima /Letter received</b>	<b>Periode surat diterima/ Period of letter received</b>	<b>Jumlah kurang bayar termasuk sanksi (dalam jutaan Rupiah)/ Amount of underpayment including penalty (in million Rupiah)</b>	<b>Jumlah kurang bayar termasuk sanksi (dalam Dolar AS)/ Amount of underpayment including penalty (in USD)</b>	<b>Status/Status</b>
PPN atas penjualan gas bumi/VAT for gas sales	2012	SKPKB	Januari/January 2017	3,260,812	240,685,874	Keberatan/Objection
PPN WAPU/VAT WAPU	2012	SKPKB	Januari/January 2017	13,398	988,976	Keberatan/Objection
PPN atas jasa luar negeri/VAT for foreign services	2012	SKPKB	Januari/January 2017	1,903	140,533	Keberatan/Objection
PPN atas penjualan gas bumi/VAT for gas sales	2013	SKPKB	Februari/February 2017	895,548	66,101,883	Banding/Appeal
PPH Pasal 29/ Income tax article 29	2013	SKPKB	Februari/February 2017	457,988	33,804,882	Keberatan/Objection
PPN WAPU/VAT WAPU	2013	SKPKB	Februari/February 2017	78,356	5,783,629	Banding/Appeal
PPH Pasal 22/ Income tax article 22	2013	SKPKB	Februari/February 2017	24,057	1,775,725	Banding/Appeal
PPH Pasal 21/ Income tax article 21	2013	SKPKB	Februari/February 2017	18,598	1,372,781	Keberatan/Objection
PPH Pasal 4(2)/ Income tax article 4(2)	2013	SKPKB	Februari/February 2017	1,726	127,466	Keberatan/Objection
PPN atas jasa luar negeri/VAT for foreign services	2013	SKPKB	Februari/February 2017	1,616	119,320	Keberatan/Objection
PPH Pasal 26/ Income tax article 26	2013	SKPKB	Februari/February 2017	2	177	Banding/Appeal

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## 22. PERPAJAKAN (lanjutan)

## 22. TAXATION (continued)

## f. Surat Ketetapan Pajak ("SKP") (lanjutan)

## f. Tax Assessment Letters ("SKP") (continued)

## Perusahaan (lanjutan)

## 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
PPN atas penjualan gas bumi/VAT for gas sales	2014	SPHP	November 2017	1,006	74,272,755	Dalam proses pembahasan/in discussion process
PPH Pasal 29/ Income tax article 29	2014	SPHP	November 2017	80,290	17,016,919	Dalam proses pembahasan/in discussion process
PPH Pasal 21/ Income tax article 21	2014	SPHP	November 2017	4,132	305,052	Dalam proses pembahasan/in discussion process
PPN atas penjualan gas bumi/VAT for gas sales	2015	SPHP	November 2017	115,311	71,427,117	Dalam proses pembahasan/in discussion process
PPH Pasal 29/ Income tax article 29	2015	SKPKB	April 2017	54,807	16,687,358	Keberatan/Objection
PPH Pasal 25/ Income tax article 25	2016	STP	Oktober/ October 2016	339,219	25,038,345	Dibayar/Paid

Perusahaan tidak menyetujui SKP dan SPHP di atas. Perusahaan berpendapat bahwa penjualan gas bumi yang dilakukan Perusahaan bukan merupakan obyek PPN. Hal ini berdasarkan surat dari Kantor Pelayanan Pajak Badan Usaha Milik Negara No. S-470/WPJ.19/KP.0307/2009 tanggal 19 Agustus 2009, yang memberikan konfirmasi kepada Perusahaan bahwa gas bumi merupakan salah satu jenis barang hasil pertambangan atau hasil pengeboran yang diambil langsung dari sumbernya yang masuk dalam kelompok yang tidak dikenakan PPN. Manajemen berkeyakinan bahwa hal ini tidak akan memberikan dampak yang signifikan terhadap posisi keuangan dan arus kas Grup.

Selama tahun yang berakhir pada tanggal 31 Desember 2017 Perusahaan telah mencatat beban pajak atas sebagian hasil pemeriksaan audit pajak yang telah dianggap sesuai dan disetujui oleh Manajemen berikut sanksinya sebesar USD6.468.092 (2016: USD5.527.440).

The Company does not agree with those SKPKB and SPHP above. The Company is in the opinion that gas sales is not a VAT object. This is based on a letter received from Kantor Pelayanan Pajak Badan Usaha Milik Negara No. S-470.WPJ.19/KP.0307/2009 dated August 19, 2009 which confirmed to the Company that gas is included as a mining or drilling commodity that directly obtained from its sources which is not an object to VAT. Management is of the opinion that these matters will not have material adverse impact on the Group's financial position and cash flows.

For the year ended as of December 31, 2017 The Company has recorded tax expenses for a part of the tax audit result including its penalty which has deemed and agreed as appropriate by the Management amounting to USD6,468,092 (2016: USD5,527,440).

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**22. PERPAJAKAN (lanjutan)**

**f. Surat Ketetapan Pajak (“SKP”) (lanjutan)**

**Perusahaan (lanjutan)**

Perusahaan telah melakukan pembayaran terkait dengan STP PPh pasal 25 untuk tahun pajak 2016. Pembayaran ini dicatat sebagai tambahan lebih bayar pajak badan untuk tahun pajak 2016.

**SEI**

Selama periode pelaporan, SEI melalui anak perusahaannya menerima beberapa Surat Ketetapan Pajak Kurang Bayar (“SKPKB”) sebagai berikut:

**22. TAXATION (continued)**

**f. Tax Assessment Letters (“SKP”) (continued)**

**The Company (continued)**

The company has paid the STP for income tax article 25 for 2016 fiscal period. This payment is recorded as an additional for over-payment of corporate income tax for 2016 fiscal period.

**SEI**

During the reporting period, SEI through the subsidiaries has received several Tax Underpayment Decision Letter (“SKPKB”) as follows:

<u>Perusahaan/ Company</u>	<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>
SIP BV	PPh Pasal 26 (4) Income tax article 26 (4)	2013	SKPKB	18 Nov 2015	474,058	35,282,679	Banding/ Appeal
SIP BV	PPh Pasal 4(2) Income tax Article 4(2)	2013	SKPKB	27 Agt/Aug 2014	203,144	15,119,376	Banding/ Appeal
SIPL	PPh Pasal 26 (4) Income tax article 26 (4)	2014	SKPKB	18 Nov 2015	1,716,051	127,720,367	Banding/ Appeal
SIPL	PPh Pasal 4(2) Income tax Article 4(2)	2014	SKPKB	3 Des/Dec 2014	556,897	41,448,092	Banding/ Appeal
SP LLC	PPh Pasal 26 (4) Income tax article 26 (4)	2014	SKPKB	18 Nov 2015	266,599	19,842,169	Banding/ Appeal
SP LLC	PPh Pasal 4(2) Income tax Article 4(2)	2014	SKPKB	3 Des/Dec 2014	62,653	4,663,050	Banding/ Appeal

Sampai dengan tanggal diterbitkannya laporan keuangan interim konsolidasian ini, manajemen masih dalam proses banding atas SKPKB tersebut. Pada tanggal 31 Desember 2017, Perusahaan telah mencatat akrual sebesar USD41.448.092 sebagai dampak dari SKPKB yang telah diterima. Manajemen berkeyakinan bahwa hal ini tidak akan memberikan dampak yang signifikan terhadap posisi keuangan dan arus kas Grup.

As at the date of these interim consolidated financial statements, management is still in appeal process for the related SKPKB. As at December 31, 2017, the Company has recorded accrual in amount of USD41,448,092 as an impact of the received SKPKB. Management is of the opinion that these matters will not have material adverse impact on the Group's financial position and cash flows.

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## 23. IMBALAN KERJA

## 23. EMPLOYEE BENEFITS

## a. Gaji dan bonus karyawan

## a. Employees' salaries and bonus

	<u>2017</u>	<u>2016</u>	
<b>Gaji dan bonus karyawan</b> (2017: Rp 324.383.950.332; 2016: Rp510.632.350.760)	<u>23,943,309</u>	<u>38,004,791</u>	<b>Employees' salaries and bonus</b> (2017: Rp 324,383,950,332; 2016: Rp510,632,350,760)

Bonus karyawan pada tanggal 31 Desember 2017 dan 2016 merupakan akrual bonus untuk karyawan masing-masing sebesar Rp267.903.733.026 dan Rp436.056.153.672 untuk Perusahaan dan masing-masing sebesar Rp58.480.204.000 dan Rp74.576.196.650 untuk entitas anak.

Employees' bonus as of December 31, 2017 and 2016 represent bonus accrual for employees amounting to Rp267,903,733,026 and Rp436,056,153,672, respectively for the Company and Rp58,480,204,000 and Rp74,576,196,650, respectively, for the subsidiaries.

## b. Tunjangan kesehatan hari tua

## b. Post-retirement health care benefits

Perusahaan juga menetapkan untuk 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-tahun yang berakhir 31 Desember 2017 dan 2016, beban pensiun yang dibebankan pada operasi adalah masing-masing sebesar USD711.916 dan USD561.338.

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 Umum 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. During the years ended December 31, 2017 and 2016, pension expense charged to operations amounted to USD711,916 and USD561,338, 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 tanggal 31 Desember 2017 dan 2016, beban pensiun yang dibebankan pada operasi adalah masing-masing sebesar USD1.844.970 dan USD1.426.771.

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. 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, respectively. The fund is contributed by both employees and the Company with contribution of 5% and 15%, respectively, of the basic pension income. As at December 31, 2017 and 2016, pension expense charged to operations amounted to USD1,844,970 and USD1,426,771, 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 per 31 Desember 2017 dan 2016 dihitung masing-masing oleh PT Mercer Indonesia, aktuaris independen, melalui laporannya tertanggal 29 Januari 2018 dan 24 Januari 2017.

Saldo liabilitas imbalan kerja yang diakui pada laporan posisi keuangan adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Imbalan pascakerja	92,770,439	92,200,078	
Imbalan kerja jangka panjang lainnya	<u>21,733,545</u>	<u>15,493,304</u>	
	<u>114,503,984</u>	<u>107,693,382</u>	
Dikurangi:			
Bagian jangka pendek	<u>(6,515,242)</u>	<u>(13,322,661)</u>	
Bagian jangka panjang	<u>107,988,742</u>	<u>94,370,721</u>	

Beban imbalan kerja yang diakui pada laporan laba rugi adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Imbalan pascakerja	12,695,419	10,281,988	
Imbalan kerja jangka panjang lainnya	<u>7,877,256</u>	<u>16,092,135</u>	
	<u>20,572,675</u>	<u>26,374,123</u>	

Pengukuran kembali kewajiban imbalan kerja yang diakui sebagai beban/(penghasilan) komprehensif lainnya adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Imbalan pascakerja	<u>6,326,250</u>	<u>(2,423,979)</u>	

**23. EMPLOYEE BENEFITS (continued)**

d. Long-term employment 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 liabilities as at December 31, 2017 and 2016 were calculated by PT Mercer Indonesia, independent actuary, as set out in reports dated January 29, 2018 and January 24, 2017.

Balance of employee benefits liabilities recognised in the statements of financial position are as follows:

	<u>2017</u>	<u>2016</u>	
Imbalan pascakerja	92,770,439	92,200,078	
Imbalan kerja jangka panjang lainnya	<u>21,733,545</u>	<u>15,493,304</u>	
	<u>114,503,984</u>	<u>107,693,382</u>	
Deducted by:			
Current portion	<u>(6,515,242)</u>	<u>(13,322,661)</u>	
Long-term portion	<u>107,988,742</u>	<u>94,370,721</u>	

Employee benefits expenses recognised in the statements of profit or loss are as follows:

	<u>2017</u>	<u>2016</u>	
Imbalan pascakerja	12,695,419	10,281,988	
Imbalan kerja jangka panjang lainnya	<u>7,877,256</u>	<u>16,092,135</u>	
	<u>20,572,675</u>	<u>26,374,123</u>	

Remeasurement of employee benefit obligation recognised as other comprehensive loss/(income) are as follows:

	<u>2017</u>	<u>2016</u>	
Imbalan pascakerja	<u>6,326,250</u>	<u>(2,423,979)</u>	



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## 23. IMBALAN KERJA (lanjutan)

e. Imbalan kerja jangka panjang (lanjutan)

i. Imbalan pascakerja

Mutasi kewajiban imbalan pasti selama  
tahun berjalan adalah sebagai berikut:

	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
<b>Per 1 Januari 2016</b>	<u>92,896,216</u>	<u>(1,507,498)</u>	<u>91,388,718</u>	-	<u>91,388,718</u>
Diakui pada laporan laba-rugi:					
- Biaya jasa kini	461,357	-	461,357	-	461,357
- Biaya jasa lalu	-	-	-	-	-
- Rugi/(laba) selisih kurs	2,501,580	(30,575)	2,471,005	-	2,471,005
- Laba aset program	-	14,056	14,056	-	14,056
- Biaya bunga	7,444,766	(109,196)	7,335,570	-	7,335,570
	<u>10,407,703</u>	<u>(125,715)</u>	<u>10,281,988</u>	-	<u>10,281,988</u>
Pengukuran kembali diakui sebagai pendapatan komprehensif lainnya, akibat:					
- Perubahan asumsi keuangan	2,790,911	-	2,790,911	-	2,790,911
- Penyesuaian Pengalaman	(5,214,890)	-	(5,214,890)	-	(5,214,890)
	<u>(2,423,979)</u>	-	<u>(2,423,979)</u>	-	<u>(2,423,979)</u>
Pembayaran manfaat oleh:					
- Grup	(8,679,757)	-	(8,679,757)	-	(8,679,757)
- Aset program	(637,539)	637,539	-	-	-
	<u>(9,317,296)</u>	<u>637,539</u>	<u>(8,679,757)</u>	-	<u>(8,679,757)</u>
Kontribusi Kenaikan akibat akuisisi	-	(1,530,992)	(1,530,992)	-	(1,530,992)
	<u>3,164,100</u>	-	<u>3,164,100</u>	-	<u>3,164,100</u>
<b>Per 31 Desember 2016</b>	<u>94,726,744</u>	<u>(2,526,666)</u>	<u>92,200,078</u>	-	<u>92,200,078</u>
Diakui pada laporan laba-rugi:					
- Biaya jasa kini	6,091,716	-	6,091,716	-	6,091,716
- Biaya jasa lalu	(8,241)	-	(8,241)	-	(8,241)
- Rugi/(laba) selisih kurs	(801,861)	36,117	(765,744)	-	(765,744)
- Laba aset program	-	691,496	691,496	-	691,496
- Biaya bunga	6,877,926	(191,734)	6,686,192	-	6,686,192
	<u>12,159,540</u>	<u>535,879</u>	<u>12,695,419</u>	-	<u>12,695,419</u>
Pengukuran kembali diakui sebagai pendapatan komprehensif lainnya, akibat:					
- Perubahan asumsi keuangan	8,842,301	117,218	8,959,519	-	8,959,519
- Penyesuaian Pengalaman	(2,633,269)	-	(2,633,269)	-	(2,633,269)
	<u>6,209,032</u>	<u>117,218</u>	<u>6,326,250</u>	-	<u>6,326,250</u>
Pembayaran manfaat oleh:					
- Grup	(16,346,098)	-	(16,346,098)	-	(16,346,098)
- Aset program	(230,710)	230,710	-	-	-
	<u>(16,576,808)</u>	<u>230,710</u>	<u>(16,346,098)</u>	-	<u>(16,346,098)</u>
Kontribusi	-	(2,105,210)	(2,105,210)	-	(2,105,210)
<b>Per 31 Desember 2017</b>	<u>96,518,508</u>	<u>(3,748,069)</u>	<u>92,770,439</u>	-	<u>92,770,439</u>

## 23. EMPLOYEE BENEFITS (continued)

e. Long-term employment benefits (continued)

i. Post-employment benefit

The movement in the post-employment  
benefit over the year is as follows:

<b>As at January 1, 2016</b>	
Recognised in the profit or loss:	
- Current service cost	461,357
- Past service cost	-
- Foreign exchange loss/(gain)	2,471,005
- Return on plan assets	14,056
- Interest expense	7,335,570
Remeasurement recognised as other comprehensive income, due to:	
- Changes in financial assumptions	2,790,911
- Experience adjustment	(5,214,890)
Benefit paid by plan:	
- The Group	(8,679,757)
- Plan assets	-
Contribution Increase due to acquisition	3,164,100
<b>As at December 31, 2016</b>	
Recognised in the profit or loss:	
- Current service cost	6,091,716
- Past service cost	(8,241)
- Foreign exchange loss/(gain)	(765,744)
- Return on plan assets	691,496
- Interest expense	6,686,192
Remeasurement recognised as other comprehensive income, due to:	
- Changes in financial assumptions	8,842,301
- Experience adjustment	(2,633,269)
Benefit paid by plan:	
- The Group	(16,346,098)
- Plan assets	-
Contribution	(2,105,210)
<b>As at December 31, 2017</b>	

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**23. IMBALAN KERJA (lanjutan)**

e. Imbalan kerja jangka panjang (lanjutan)

i. Imbalan pascakerja (lanjutan)

Aset program yang dimiliki Grup merupakan kas yang ditempatkan di deposito pada bank-bank dengan peringkat kredit yang tinggi. Pada tanggal 31 Desember 2017 dan 2016, nilai wajar aset program adalah sama dengan nilai nominalnya.

Berikut asumsi pokok aktuari yang digunakan:

	<u>2017</u>	<u>2016</u>	
Tingkat bunga aktuarial	7.25% per tahun/ per annum	8.50% per Tahun/ per annum	Actuarial discount rate
Tingkat kematian (mortalitas)	TM I 2011	TM I 2011	Mortality rate
Kenaikan gaji dan upah	8.00% per tahun/ per annum	8.00% per Tahun/ per annum	Wages and salaries Increase
Umur pensiun	56 tahun/years	56 tahun/years	Retirement age
Tingkat cacat	10% dari tingkat kematian/ Mortality rate	10% dari tingkat kematian/ Mortality rate	Disability rate

Sensitivitas liabilitas pensiun secara keseluruhan terhadap perubahan asumsi tingkat diskonto dan tingkat pertumbuhan gaji adalah sebagai berikut:

	<u>Perubahan asumsi/ Change in assumptions</u>	<u>Dampak terhadap liabilitas secara keseluruhan/Impact on overall liability</u>	
<b><u>2017</u></b>			<b><u>2017</u></b>
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%	turun/decrease by USD104 juta/million naik/increase by USD122 juta/million	Discount rate
Tingkat pertumbuhan gaji	kenaikan/increase by 1% penurunan/decrease by 1%	naik/increase by USD122 juta/million turun/decrease by USD103 juta/million	Salary increase rate
<b><u>2016</u></b>			<b><u>2016</u></b>
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%	turun/decrease by USD98 juta/million naik/increase by USD86 juta/million	Discount rate
Tingkat pertumbuhan gaji	kenaikan/increase by 1% penurunan/decrease by 1%	naik/increase by USD85 juta/million turun/decrease by USD99 juta/million	Salary increase rate

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 penghitungan kewajiban pensiun yang diakui dalam laporan posisi keuangan.

**23. EMPLOYEE BENEFITS (continued)**

e. Long-term employment benefits (continued)

i. Post-employment benefit (continued)

The Group's plan assets are cash placed in deposits in banks with a high credit ratings. As of December 31, 2017 and 2016, the fair value of the plan assets is equal to its nominal value.

Below are the main actuary assumptions used:

Sensitivity of the overall pension liability to changes in the discount rate and salary increase rate assumptions is as follows:

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 statement of financial position.

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## 23. IMBALAN KERJA (lanjutan)

## 23. EMPLOYEE BENEFITS (continued)

## e. Imbalan kerja jangka panjang (lanjutan)

## e. Long-term employment benefits (continued)

## ii. Imbalan jangka panjang lainnya

## ii. Other long-term benefit

Mutasi kewajiban imbalan jangka panjang lainnya selama tahun berjalan adalah sebagai berikut:

The movement in the other long-term benefit over the year is as follows:

	<u>2017</u>	<u>2016</u>	
Saldo awal	15,493,304	4,220,116	Beginning balance
Beban diakui pada laporan laba rugi:			Employee benefit expenses recognised in the profit and loss:
- Biaya jasa kini	1,388,165	14,987,481	Current service cost -
- Biaya jasa lalu	387,060	972,598	Past service cost -
- Biaya bunga	1,353,694	1,561,828	Interest expense -
- Rugi/(laba) selisih kurs	(206,149)	8,895	Foreign exchange loss/(gain) -
- Pengukuran kembali Perubahan asumsi keuangan	1,577,294	810,663	Remeasurement - Changes in financial assumptions
Penyesuaian pengalaman	3,377,195	(2,249,330)	Experience adjustment
	<u>7,877,259</u>	<u>16,092,135</u>	
Penurunan karena transfer	-	(475,575)	Decrease due to transfer
Kenaikan karena kombinasi bisnis	182,929	48,077	Increase due to combination
Pembayaran manfaat oleh Grup	(1,819,947)	(4,391,449)	Benefit paid by the Group
	<u>21,733,545</u>	<u>15,493,304</u>	Ending balance

Asumsi pokok aktuari yang digunakan sama dengan asumsi penghitungan liabilitas imbalan pascakerja.

The actuarial assumptions used are the same as the calculation of post-employment benefit obligation.

Sensitivitas liabilitas pensiun secara keseluruhan terhadap perubahan asumsi tingkat diskonto dan tingkat pertumbuhan gaji adalah sebagai berikut:

Sensitivity of the overall pension liability to changes in the discount rate and salary increase rate assumptions is as follows:

	<u>Perubahan asumsi/ Change in assumptions</u>	<u>Dampak terhadap liabilitas secara keseluruhan/Impact on overall liability</u>	
<b>2017</b>			<b>2017</b>
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%	turun/decrease by USD20 juta/million naik/increase by USD23 juta/million	Discount rate
Tingkat pertumbuhan gaji	kenaikan/increase by 1% penurunan/decrease by 1%	naik/increase by USD23 juta/million turun/decrease by USD20 juta/million	Salary increase rate
<b>2016</b>			<b>2016</b>
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%	turun/decrease by USD16 juta/million naik/increase by USD15 juta/million	Discount rate
Tingkat pertumbuhan gaji	kenaikan/increase by 1% penurunan/decrease by 1%	naik/increase by USD14 juta/million turun/decrease by USD16 juta/million	Salary increase rate

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**23. IMBALAN KERJA (lanjutan)**

e. Imbalan kerja jangka panjang (lanjutan)

ii. Imbalan jangka panjang lainnya (lanjutan)

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 jangka panjang lainnya atas asumsi aktuarial utama, metode yang sama (perhitungan nilai kini kewajiban imbalan jangka panjang lainnya) telah diterapkan seperti dalam penghitungan kewajiban pensiun yang diakui dalam laporan posisi keuangan.

Seluruh beban imbalan kerja karyawan jangka panjang Grup disajikan sebagai akun "Beban operasi - gaji dan kesejahteraan karyawan" pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

Manajemen Grup berpendapat bahwa program jaminan hari tua cukup untuk menutupi semua imbalan yang diatur dalam UU No. 13/2003.

f. 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.

**23. EMPLOYEE BENEFITS (continued)**

e. Long-term employment benefits (continued)

ii. Other long-term benefit (continued)

*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 other long-term benefit obligation to significant actuarial assumptions the same method (present value of the long-term benefit benefit obligation) has been applied as when calculating the pension liability recognised within the statement of financial position.*

*All the employees' benefits expenses of the Group are presented as "Operating expenses - salaries and employees' benefits" account in the consolidated statements of profit or loss and other comprehensive income.*

*The management of the Group believes that the retirements benefits program adequately cover the benefits to be provided based on Law No. 13/2003.*

f. 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 areas follow:*

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. 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 incorporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the Company's bond holdings.*

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## 23. IMBALAN KERJA (lanjutan)

- f. Manajemen risiko terkait program imbalan kerja
- 
- (lanjutan)

Analisa 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	4,819,545	34,463,415	44,962,805	<i>Post-employment benefit</i>
Imbalan jangka panjang lainnya	<u>1,774,645</u>	<u>11,123,249</u>	<u>12,931,112</u>	<i>Other long-term benefit</i>
Jumlah	<u>6,594,190</u>	<u>45,586,664</u>	<u>57,893,917</u>	<i>Total</i>

Rata-rata tertimbang durasi program

Rata-rata tertimbang durasi kewajiban untuk manfaat imbalan pascakerja dan imbalan jangka panjang lainnya adalah 8 tahun.

## 23. EMPLOYEE BENEFITS (continued)

- f. Risk management related to employee benefit program (continued)

Benefit payment maturity analysis

Expected maturity analysis of undiscounted post-employment benefit and other long-term benefits, are as follows:

	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	4,819,545	34,463,415	44,962,805	<i>Post-employment benefit</i>
Imbalan jangka panjang lainnya	<u>1,774,645</u>	<u>11,123,249</u>	<u>12,931,112</u>	<i>Other long-term benefit</i>
Jumlah	<u>6,594,190</u>	<u>45,586,664</u>	<u>57,893,917</u>	<i>Total</i>

Weighted average program duration

The weighted average duration of the post-employment benefits and other long-term benefits are 8 years.

## 24. LIABILITAS PEMBONGKARAN ASET DAN RESTORASI AREA

Mutasi liabilitas restorasi dan pembongkaran aset adalah sebagai berikut :

	<u>2017</u>	<u>2016</u>	
Saldo awal	65,227,181	65,360,273	<i>Beginning balance</i>
Penambahan tahun berjalan	9,225,740	5,978,245	<i>Addition during the year</i>
Pembalikan pada tahun berjalan	-	(8,554,152)	<i>Reversal during the year</i>
Beban akresi	<u>2,831,314</u>	<u>2,442,815</u>	<i>Accretion cost</i>
	<u>77,284,235</u>	<u>65,227,181</u>	
Rekening bersama dengan SKK Migas untuk dana abandonment and site restoration ("ASR")	<u>(46,564,372)</u>	<u>(38,920,871)</u>	<i>Joint accounts with SKK Migas for abandonment and site restoration ("ASR") funding</i>
Saldo akhir, neto	<u>30,719,863</u>	<u>26,306,310</u>	<i>Ending balance, net</i>

Estimasi terkini untuk biaya pembongkaran aset dan restorasi area yang ditinggalkan tidak dihitung oleh konsultan independen, tetapi dilakukan oleh pihak manajemen. Manajemen berkeyakinan bahwa akumulasi penyisihan pada tanggal laporan posisi keuangan konsolidasian telah cukup untuk menutup semua liabilitas yang timbul dari kegiatan restorasi area dan pembongkaran aset.

Rekening bersama dengan SKK Migas diatas ditempatkan di bank milik pemerintah untuk mendanai liabilitas ASR sehubungan dengan operasi minyak dan gas bumi.

## 24. ASSET ABANDONMENT AND SITE RESTORATION OBLIGATIONS

The movement in site restoration and abandonment obligations are presented below :

	<u>2017</u>	<u>2016</u>	
Saldo awal	65,227,181	65,360,273	<i>Beginning balance</i>
Penambahan tahun berjalan	9,225,740	5,978,245	<i>Addition during the year</i>
Pembalikan pada tahun berjalan	-	(8,554,152)	<i>Reversal during the year</i>
Beban akresi	<u>2,831,314</u>	<u>2,442,815</u>	<i>Accretion cost</i>
	<u>77,284,235</u>	<u>65,227,181</u>	
Rekening bersama dengan SKK Migas untuk dana abandonment and site restoration ("ASR")	<u>(46,564,372)</u>	<u>(38,920,871)</u>	<i>Joint accounts with SKK Migas for abandonment and site restoration ("ASR") funding</i>
Saldo akhir, neto	<u>30,719,863</u>	<u>26,306,310</u>	<i>Ending balance, net</i>

The current estimates for the asset abandonment and site restoration obligations were determined by management, not by an independent consultant. Management believes that the accumulated provisions as of the dates of the consolidated statements of financial position are sufficient to meet the environmental obligations resulting from future site restoration and asset abandonment.

The above joint accounts with SKK Migas are placed in state-owned banks for the funding of ASR obligations relating to oil and gas operations.

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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"), dengan detail sebagai berikut:

<u>Nilai nosional (dalam JPY)/ Notional amount (in JPY)</u>	<u>Nilai tukar (USD/JPY)/ Exchange rate (USD/JPY)</u>
16,183,509,787	Pertukaran mata uang hanya akan dilakukan apabila nilai tukar berada pada atau di bawah 121,5/ <i>Currency swap will only be executed if the exchange rate is at or below 121.5</i>

Pada tanggal 19 Agustus 2008, Perusahaan mengadakan perubahan kontrak *cross currency swap* 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 1 Dollar/ <i>Currency swap will only be executed if the exchange rate is at or below 121.5 for each 1 US Dollar</i>

Pada tanggal 31 Desember 2017 dan 31 Desember 2016, nilai wajar dari utang derivatif adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>
Utang derivatif	<u>5,083,381</u>	<u>8,828,746</u>

Nilai wajar utang derivatif di atas berdasarkan hirarki nilai wajar Tingkat 3. Penilaian atas nilai wajar tersebut berdasarkan hasil pendiskontoan arus kas masa depan yang akan dihasilkan di masa depan.

**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"), with details as follows:*

<u>Penerimaan kupon/ Coupon received</u>	<u>Pembayaran bunga/ Interest paid</u>
35% dari jumlah bunga JPY yang disepakati sesuai jadwal kontrak/ <i>35% from agreed JPY interest amount per contract schedule</i>	a. Bunga 0% dari nilai nosional mulai dari 15 Oktober 2006 sampai 15 Oktober 2008; 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/ a. <i>Interest 5% from April 15, 2006 until October 15, 2008 from notional amount; and</i> b. <i>From October 15, 2008 until March 15, 2019, maximum amount of:</i> 1. 0%; or 2. (Strike rate – Average fixing rate of JPY) % from notional amount

*On August 19, 2008, the Company entered into an amendment of the cross currency swap contract with RBS as follow:*

<u>Penerimaan kupon/ Coupon received</u>	<u>Pembayaran bunga/ Interest paid</u>
42% dari jumlah bunga JPY yang disepakati sesuai jadwal kontrak/ <i>42% from agreed JPY interest amount per contract schedule</i>	a. Bunga 0% dari nilai nosional mulai dari 15 Oktober 2010 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 kalendar/ a. <i>Interest 0% from April 15, 2006 until October 15, 2008 from notional amount; and</i> b. <i>From October 15, 2008 until March 15, 2019, maximum amount of:</i> 1. 0%; or 2. (Strike rate - Average fixing rate of JPY)% from notional amount c. <i>5% of notional amount multiplied by the number of days where Constant Maturity Swap 10 years rate falls outside certain range divided by total calendar days</i>

*As at December 31, 2017 and December 31, 2016, the fair value of the derivative payable is as follows:*

*The fair values of derivative payables 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 payables in the future period.*

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## 25. INSTRUMEN KEUANGAN DERIVATIF (lanjutan)

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 USD2.660.198 dan USD4.526.823 diakui pada laba rugi pada tahun yang berakhir pada 31 Desember 2017 dan 2016.

Transaksi tersebut diatas tidak memenuhi kriteria akuntansi lindung nilai berdasarkan Standar Akuntansi Keuangan di Indonesia.

25. DERIVATIVE FINANCIAL INSTRUMENTS  
(continued)

Inputs to the fair value calculation are the projection of Japanese Yen and US Dollar exchange rate, 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 values of the above derivative instruments amounted to USD2,660,198 and USD4,526,823 were recognised in the profit or loss for the years ended December 31, 2017 and 2016, respectively.

These transaction do not meet the hedge accounting criteria according to applicable financial accounting standard in Indonesia.

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:

2017				
Pemegang saham	Jumlah saham ditempatkan dan disetor/Number of issued and fully paid shares	Persentase kepemilikan/Percentage of ownership	Jumlah/Amount	Shareholders
Saham Seri A Dwiwarna Pemerintah Indonesia	1	0.00%	-	Serie A Dwiwarna Share Government of Indonesia
Saham Biasa (Seri B) Pemerintah Indonesia	13,809,038,755	56.97%	195,968,391	Common Stock (B Shares) 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	24,241,508,196	100.00%	344,018,831	Number of shares issued and fully paid
2016				
Pemegang saham	Jumlah saham ditempatkan dan disetor/Number of issued and fully paid shares	Persentase kepemilikan/Percentage of ownership	Jumlah/Amount	Shareholders
Saham Seri A Dwiwarna Pemerintah Indonesia	1	0.00%	-	Serie A Dwiwarna Share Government of Indonesia
Saham Biasa (Seri B) Pemerintah Indonesia	13,809,038,755	56.97%	195,968,391	Common Stock (B Shares) 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	24,241,508,196	100.00%	344,018,831	Number of shares issued and fully paid

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**26. MODAL SAHAM DAN MODAL DISETOR  
LAINNYA (lanjutan)**

**26. CAPITAL STOCKS AND OTHER PAID-IN  
CAPITAL (continued)**

**a. Modal saham (lanjutan)**

**a. Share capital (continued)**

Saham treasuri sejumlah 1.850.000 saham Seri B, telah dijual kembali seluruhnya pada bulan Maret 2016.

Treasury stocks of 1,850,000 Seri B shares has been fully resold on March 2016.

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.

Series 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.

Perubahan jumlah berikut nilai nominal saham yang beredar pada tahun 2017 dan 2016 adalah sebagai berikut:

Changes in numbers and nominal value of outstanding shares in 2017 and 2016 are as follows:

	Jumlah lembar saham (nilai penuh)/ Number of shares (full amount)	Nilai nominal/Nominal Amount			Jumlah/ Total	
		Saham biasa/ Ordinary shares	Modal disetor lainnya/ Other paid-in capital	Saham treasuri/ Treasury shares		
1 Januari 2016	24,239,658,196	344,018,831	284,339,313	(251,054)	628,107,090	January 1, 2016
Penjualan saham treasuri	1,850,000	-	-	251,054	251,054	Sale of treasury stocks
31 Desember 2016	24,241,508,196	344,018,831	284,339,313	-	628,358,144	December 31, 2016
Penjualan saham treasuri	-	-	-	-	-	Sale of treasury stocks
31 Desember 2017	24,241,508,196	344,018,831	284,339,313	-	628,358,144	December 31, 2017

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.

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.

**b. Modal disetor lainnya**

**b. Other paid-in capital**

Modal disetor lainnya terdiri dari:

Other paid-in capital consists of:

	31 Desember/ December 2017 dan/and 31 Desember/ December 2016	
Dampak implementasi PSAK No. 65, "Laporan Keuangan Konsolidasian"	127,085,001	Impact of PSAK No. 65, "Consolidated Financial Statements" implementation
Selisih antara pembayaran yang diterima dengan nilai nominal	96,586,706	Excess of proceeds over par value
Opsi saham untuk karyawan	76,687,533	Employee stock options
Opsi saham untuk manajemen	29,072,254	Management stock options
Selisih nilai transaksi entitas sependengali	(35,301,649)	Difference arising from transactions among entities under common control
Biaya emisi saham	(9,790,532)	Share issue costs
	<u>284,339,313</u>	



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## 27. KEPENTINGAN NONPENGENDALI

Rincian kepentingan nonpengendali atas ekuitas dan bagian atas hasil bersih entitas anak yang dikonsolidasi adalah sebagai berikut:

	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>	
PGASKOM	3,104	1,108	(471)	-	3,741	PGASKOM
PGASSOL	(19,871)	10,512	(39,656)	-	(49,015)	PGASSOL
PGN Property	7,035,392	4,626,044	(34,915)	7,180,689	18,807,210	PGN Property
<b>Total</b>	<b>7,018,625</b>	<b>4,637,664</b>	<b>(75,042)</b>	<b>7,180,689</b>	<b>18,761,936</b>	<b>Total</b>
	2016					
	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>	Pembayaran dividen/ <i>Payment of dividend</i>	Saldo akhir/ <i>Ending balance</i>	
PGASKOM	2,126	666	312	-	3,104	PGASKOM
PGASSOL	(74,488)	24,053	39,134	(8,570)	(19,871)	PGASSOL
PGN Property	2,520,291	4,234,776	280,325	-	7,035,392	PGN Property
<b>Total</b>	<b>2,447,929</b>	<b>4,259,495</b>	<b>319,771</b>	<b>(8,570)</b>	<b>7,018,625</b>	<b>Total</b>

28. PENCADANGAN SALDO LABA DAN  
PEMBAGIAN LABA

Mengacu kepada Undang-Undang Perseroan Terbatas, Grup 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 4 Mei 2017 yang diaktakan dengan Akta Notaris No. 7 dari Notaris Fathiah Helmi S.H., tanggal 4 Mei 2017, para pemegang saham menyetujui keputusan-keputusan, sebagai berikut:

- Menetapkan penggunaan laba tahun berjalan yang dapat diatribusikan kepada pemilik Entitas Induk Perusahaan untuk tahun buku 2016 berjumlah sebesar USD304.324.421 diperuntukkan sebagai berikut:
  - Pembagian dividen tunai sebesar Rp1.822.476.586.175 (setara dengan USD136.719.924) atau Rp75,18 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.

## 27. NON-CONTROLLING INTERESTS

Details of non-controlling interests in the equity and share of results of consolidated subsidiaries are as follows:

28. APPROPRIATIONS OF RETAINED EARNINGS  
AND DISTRIBUTIONS OF INCOME

Under Indonesian Limited Company Law, the Group is required to set up a statutory reserve amounting to at least 20% of the Group's issued and paid-in capital.

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 Notary Fathiah Helmi, S.H., dated May 7, 2017, 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 2016 in the amount of USD304,324,421 to be utilised as follows:
  - Distribution of cash dividends of Rp1,822,476,586,175 (equivalent to USD136,719,924) or Rp75.18 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)**

Pada 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.

Berdasarkan Risalah Rapat Umum Pemegang Saham Tahunan yang diadakan pada tanggal 8 April 2016 yang diaktakan dengan Akta Notaris No. 33 dari Notaris Fathiah Helmi S.H., tanggal 8 April 2016, para pemegang saham menyetujui keputusan-keputusan, sebagai berikut:

1. Menetapkan penggunaan laba tahun berjalan yang dapat diatribusikan kepada pemilik Entitas Induk Perusahaan untuk tahun buku 2015 berjumlah sebesar USD401.199.880 diperuntukkan sebagai berikut:
  - a. Pembagian dividen tunai sebesar Rp2.213.734.528.459 (setara dengan USD168.101.946) atau Rp91,32 per saham kepada pemegang saham;
  - b. Sis Sebesar Rp80.562.941.903 (setara dengan USD7.286.272) atau setara 1,5% dari laba bersih tahun buku yang berakhir pada tanggal 31 Desember 2015 yang sumber dananya dari beban Perseroan untuk dipergunakan sebagai dana Program Bina Lingkungan ditambah sisa saldo dana PKBL dari rangkaian tahun sebelumnya.
  - c. 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.

**28. APPROPRIATIONS OF RETAINED EARNINGS  
AND DISTRIBUTIONS OF INCOME (continued)**

*On 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.*

*Based on the Minutes of the Company's Annual General Shareholders' Meeting held on April 8, 2016 which were notarised with Notarial Deed No. 33 of Notary Fathiah Helmi, S.H., dated April 8, 2016, 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 2015 in the amount of USD401,199,880 to be utilised as follows:*
  - a. *Distribution of cash dividends of Rp2,213,734,528,459 (equivalent to USD168,101,946) or Rp91.32 per share to shareholders;*
  - b. *Rp80,562,941,903 (equivalent to USD7,286,272) or equivalent to 1.5% of the profit for the year ended December 31, 2015 in which the funds were changed as expense of the Company to be used as a Community Development Program funds with addition of the remaining balance of funds PKBL from the previous years.*
  - c. *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.*

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## 29. PENDAPATAN NETO

Akun ini terdiri dari:

	2017	2016
<b>Pihak berelasi</b>		
Distribusi gas	535,652,817	591,879,068
Penjualan minyak dan gas	162,587,563	142,967,483
Pendapatan keuangan dari sewa pembiayaan	55,477,116	62,652,432
Transmisi gas	<u>2,499,862</u>	<u>8,100,319</u>
<b>Pihak ketiga</b>		
Distribusi gas	1,869,046,798	1,947,565,718
Penjualan minyak dan gas	310,270,111	171,147,478
Sewa fiber optik	13,420,678	9,866,589
Lain-lain	<u>20,636,866</u>	<u>599,623</u>
Jumlah pendapatan neto	<u><u>2,969,591,811</u></u>	<u><u>2,934,778,710</u></u>

Pendapatan distribusi gas bumi terdiri dari distribusi  
gas kepada:

	2017	2016
Industri	2,348,258,733	2,490,870,949
Komersial	47,550,519	41,513,341
Rumah Tangga	6,905,143	5,587,946
Stasiun Pengisian Bahan Bakar Gas ("SPBG")	<u>1,985,220</u>	<u>1,472,550</u>
Total	<u><u>2,404,699,615</u></u>	<u><u>2,539,444,786</u></u>

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 dari pelanggan yang melebihi 10% dari  
jumlah pendapatan neto konsolidasian adalah  
pendapatan dari PLN, entitas berelasi dengan  
Pemerintah, masing-masing sebesar  
USD482,024,781 atau 16,44% dan  
USD941,519,706 atau 26,51% dari jumlah  
pendapatan neto konsolidasian untuk tahun yang  
berakhir pada tanggal-tanggal 31 Desember 2017  
dan 2016.

## 29. NET REVENUES

This account consists of:

	2017	2016
<b>Related parties</b>		
Gas distribution	535,652,817	591,879,068
Oil and gas sales	162,587,563	142,967,483
Finance income from finance lease	55,477,116	62,652,432
Gas transmission	<u>2,499,862</u>	<u>8,100,319</u>
<b>Third parties</b>		
Gas distribution	1,869,046,798	1,947,565,718
Oil and gas sales	310,270,111	171,147,478
Fibre optic rental	13,420,678	9,866,589
Others	<u>20,636,866</u>	<u>599,623</u>
Total net revenue	<u><u>2,969,591,811</u></u>	<u><u>2,934,778,710</u></u>

Gas distribution consists of natural gas revenue to:

	2017	2016
Industrial	2,348,258,733	2,490,870,949
Commercial	47,550,519	41,513,341
Households	6,905,143	5,587,946
Fuel gas filling stations ("SPBG")	<u>1,985,220</u>	<u>1,472,550</u>
Total	<u><u>2,404,699,615</u></u>	<u><u>2,539,444,786</u></u>

Net oil and gas sales represents Group's sales of  
oil and gas from exploration and production  
activities earned under PSC.Finance income from 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.Fibre 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.Revenues from customer in excess of 10% of the  
total consolidated net revenues are revenue from  
PLN, Government-related entity, amounting to  
USD482,024,781 or 16.44% and USD941,519,706  
or 26.51% from total consolidated net revenues for  
the years ended December 31, 2017 and 2016  
respectively.

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**30. BEBAN POKOK PENDAPATAN**

**30. COST OF REVENUES**

Rincian beban pokok penjualan berdasarkan sifatnya adalah sebagai berikut:

*The components of cost of revenue based on their nature are as follows:*

	<u>2017</u>	<u>2016</u>	
Distribusi gas			<i>Gas distributions</i>
Pembelian gas bumi			<i>Purchase of natural gas</i>
Pihak ketiga	1,266,930,071	1,171,618,149	<i>Third parties</i>
Pihak berelasi	<u>357,619,443</u>	<u>381,495,522</u>	<i>Related parties</i>
	<u>1,624,549,514</u>	<u>1,553,113,671</u>	
Operasi pertambangan minyak dan gas			<i>Oil and gas operations</i>
Beban penyusutan, depleksi dan amortisasi	259,389,590	182,086,915	<i>Depreciation, depletion and amortisation</i>
Beban produksi dan <i>lifting</i>	<u>184,380,629</u>	<u>120,616,939</u>	<i>Production and lifting costs</i>
	<u>443,770,219</u>	<u>302,703,854</u>	
Gas alam cair			<i>Liquid natural gas</i>
Sewa	55,918,530	56,850,885	<i>Rental</i>
Penyusutan	16,494,409	16,360,299	<i>Depreciation</i>
Pemakaian LNG	7,914,726	116,356,214	<i>Usage of LNG</i>
Lain-lain	<u>5,389,614</u>	<u>2,453,848</u>	<i>Others</i>
	<u>85,717,279</u>	<u>192,021,246</u>	
Lain-lain	<u>18,322,995</u>	<u>-</u>	<i>Others</i>
Jumlah beban pokok pendapatan	<u><u>2,172,360,007</u></u>	<u><u>2,047,838,771</u></u>	<i>Total cost of revenues</i>

Pembelian dari pemasok yang melebihi 10% dari jumlah pendapatan neto konsolidasi adalah pembelian dari Pertamina, entitas berelasi dengan Pemerintah, dan ConocoPhillips masing-masing sebesar USD357.619.443 atau 12,04% dan USD910.385.349 atau 30,66% dari total pendapatan neto konsolidasi untuk tahun yang berakhir 31 Desember 2017 dan pembelian dari Pertamina dan ConocoPhillips masing-masing sebesar USD384.171.501 atau 13,09% dan USD874.256.578 atau 29,80% dari jumlah pendapatan neto konsolidasi untuk tahun yang berakhir 31 Desember 2016.

*Purchases from suppliers involving purchases in excess of 10% of the total consolidated net revenues are for purchases from Pertamina, a Government-related entity, and ConocoPhillips amounting to USD357,619,443 or 12.04% and USD910,385,349 or 30.66% of total consolidated net revenues for the year ended December 31, 2017, respectively, and purchases from Pertamina and ConocoPhillips amounting to USD384,171,501 or 13.09% and USD874,256,578 or 29.80% respectively of total consolidated net revenues for the year ended December 31, 2016.*

Grup melakukan transaksi pembelian gas dengan entitas berelasi dengan Pemerintah, dengan total masing-masing sebesar 16,46% dan 18,76% dari total beban pokok pendapatan konsolidasi di atas untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016.

*The Group entered into sales transactions with the Government-related entities, totalling to 16.46% and 18.76% of its consolidated cost of revenues above for the years ended December 31, 2017 and 2016, respectively.*

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## 31. BEBAN DISTRIBUSI DAN TRANSMISI

31. DISTRIBUTION AND TRANSMISSION  
EXPENSES

Akun ini terdiri dari:

This account consists of:

	2017	2016	
Penyusutan	167,431,706	115,556,910	Depreciation
Jasa umum	12,316,910	20,980,642	General services
Perbaikan dan pemeliharaan	16,160,236	24,763,243	Repairs and maintenance
Gaji, imbalan pascakerja dan jangka panjang lainnya	16,022,173	23,927,688	Salaries, post-employment and other long-term benefits
Iuran BPH Migas	9,455,754	9,684,935	BPH Migas levy
Sewa	3,894,671	7,285,167	Rental
Honorarium profesional	2,778,457	7,922,208	Professional fees
Bahan bakar dan bahan kimia	626,812	3,806,776	Fuel and chemicals
Lain-lain (masing-masing dibawah USD1.000.000)	8,463,452	6,474,048	Others (each below USD1,000,000)
Jumlah beban distribusi dan transmisi	<u>237,150,171</u>	<u>220,401,617</u>	Total distribution and transmission expenses

## 32. BEBAN ADMINISTRASI DAN UMUM

## 32. GENERAL AND ADMINISTRATIVE EXPENSES

Akun ini terdiri dari:

This account consists of:

	2017	2016	
Gaji, imbalan pascakerja dan jangka panjang lainnya	62,332,083	81,785,171	Salaries, post-employment and other long-term benefits
Jasa umum	32,046,616	32,061,904	General services
Honorarium profesional	14,791,318	17,077,114	Professional fees
Sewa	14,070,445	13,003,676	Rental
Penyusutan	13,395,572	11,133,130	Depreciation
Perbaikan dan pemeliharaan	14,385,525	14,312,059	Repairs and maintenance
Promosi	9,079,020	8,792,525	Promotion
Tanggung jawab sosial dan bina lingkungan	7,237,533	8,559,589	Corporate social and environmental responsibility
Asuransi	5,231,686	5,102,553	Insurance
Pendidikan dan pelatihan	4,546,039	5,261,607	Education and training
Cadangan kerugian penurunan nilai	4,136,726	15,174,554	Allowance for impairment losses
Perjalanan dinas dan transportasi	3,328,027	4,343,549	Traveling and transportation
Representasi dan jamuan	3,060,467	3,399,264	Representation and entertainment
Listrik dan air	2,064,469	1,619,947	Electricity and water
Komunikasi	1,931,301	2,147,481	Communications
Amortisasi	1,307,116	475,313	Amortisation
Pajak dan perizinan	885,025	1,845,017	Taxes and licenses
Lain-lain (masing-masing dibawah USD1.000.000)	8,677,660	7,908,726	Others (each below USD1,000,000)
Jumlah beban administrasi dan umum	<u>202,506,628</u>	<u>234,003,179</u>	Total general and administrative expenses

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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>2017</u>	<u>2016</u>	
Bunga utang obligasi	104,541,144	86,149,509	Interest from bonds payable
Bunga pinjaman dari penerusan pinjaman dari Pemerintah:			Interest from two step loan from the Government:
- JBIC	4,733,597	5,113,524	JBIC -
- IBRD	2,369,801	2,496,835	IBRD -
- EIB	865,765	1,126,340	EIB -
	<u>7,969,163</u>	<u>8,736,699</u>	
Bunga pinjaman dari pinjaman bank:			Interest from bank loan:
- Pinjaman sindikasi	26,282,626	30,018,750	Syndicated loan -
- BNI	454,614	672,282	BNI -
	<u>26,737,240</u>	<u>30,691,032</u>	
Amortisasi penyesuaian nilai wajar piutang lain-lain jangka panjang	5,096,304	4,384,843	Amortisation for fair value adjustment of other long-term receivables
Pembalikan dari efek diskonto atas provisi pembongkaran aset dan restorasi area	2,831,314	2,442,815	The unwinding of the effect of discounting the provision of assets abandonment and area restoration
Jumlah beban keuangan	<u>147,175,165</u>	<u>132,404,898</u>	Total finance cost

## b. Pendapatan keuangan

## b. Finance income

Akun ini terdiri dari:

This account consists of:

	<u>2017</u>	<u>2016</u>	
Bunga jasa giro	4,361,610	3,836,983	Interest of current accounts
Bunga deposito	4,325,074	3,914,072	Interest of time deposits
Bunga investasi aset tersedia untuk dijual	3,479,924	3,446,545	Interest from investment in available-for-sale
Bunga piutang carry	5,146,624	6,640,404	Interest from carry receivables
Jumlah pendapatan keuangan	<u>17,313,232</u>	<u>17,838,004</u>	Total finance income

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SELISIH KURS

## a. Pendapatan lain-lain

Pada tahun yang berakhir 31 Desember 2017, pendapatan lain-lain terdiri dari pendapatan pemakaian gedung oleh pihak lain, denda, dan pendapatan lainnya masing-masing senilai USD 2.237.470, USD1.587.695 dan USD33.047.826.

Pada tahun yang berakhir 31 Desember 2016, pendapatan lain-lain terdiri dari pendapatan dari aset kerjasama operasi, penerimaan klaim asuransi aset tetap, pembalikan kelebihan akrual bonus tahun 2015 dan pendapatan lainnya, masing-masing senilai USD17.642.459, USD14.073.599, USD10.187.422, dan USD20.222.856.

## b. Beban lain-lain

Beban lain-lain merupakan biaya yang tidak berhubungan langsung dengan kegiatan operasi utama Grup, yang terdiri dari biaya wisma tamu, 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 penyesuaian aset dan liabilitas dalam mata uang asing dan perbedaan nilai tukar transaksi dari kegiatan usaha Grup dalam mata uang asing.

Selama tahun 2017 dan 2016, Grup mengalami rugi dan laba 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, 2017, other income consist of income from the use of building by other parties, penalties, and others, amounting to USD2,237,470, USD1,587,695 and USD33,047,826 respectively.*

*During the year ended December 31, 2016, other income consist of income from joint operation assets, fixed assets insurance claim income, reversal of exceeds annual performance bonus financial year 2015, and others, amounting to USD17,462,459, USD14,073,599, USD10,187,422, and USD20,222,856, respectively.*

## b. Other expenses

*Other expenses reflect expense which not directly related to the Group main operating activity, which consist of guesthouse expense, 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 restatements of assets and liabilities in foreign currencies and differences in exchange rates on the Group's operational transactions denominated in foreign currencies.*

*During 2017 and 2016, the Group incurred loss and gain 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.*

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**35. LABA BERSIH PER SAHAM DASAR**

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 tahun yang bersangkutan termasuk pembelian kembali saham Perusahaan yang dilakukan selama tahun berjalan.

	<u>2017</u>	<u>2016</u>
Laba bersih yang dapat diatribusikan kepada pemilik entitas induk	143,146,347	304,324,421
Rata-rata tertimbang jumlah saham biasa yang beredar (lembar saham)	<u>24,241,508,196</u>	<u>24,241,168,169</u>
Laba bersih per saham dasar (nilai penuh)	<u>0.006</u>	<u>0.013</u>

Grup tidak memiliki efek yang bersifat dilutif pada tanggal 31 Desember 2017 dan 2016.

**35. BASIC EARNINGS PER SHARE**

*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 year including buyback of the Company's shares made during the year.*

*Net income attributable to owners of the parent  
Weighted average number of ordinary shares outstanding  
(number of shares)*

*Earnings per share (full amount)*

*The Group does not have any dilutive ordinary shares at December 31, 2017 and 2016.*

**36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN PIHAK-PIHAK BERELASI**

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.

Rincian sifat hubungan dan jenis transaksi yang signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

**36. SIGNIFICANT BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

*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.*

*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>
BTN	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</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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WITH RELATED PARTIES (continued)

Pihak-pihak yang berelasi/ <i>Related parties</i>	Sifat hubungan dengan pihak berelasi/ <i>Relationship with the related parties</i>	Transaksi/ <i>Transactions</i>
Bank Mandiri	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</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, placement of unrestricted time deposits, placement of restricted cash, Non Cash Loan facility, Bill Purchasing Line facility, Working Capital Loans facility, Supply Chain Financing facility, Treasury Line facility</i>
BNI	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</i>	Penempatan giro, penempatan deposito berjangka yang tidak dibatasi penggunaannya, fasilitas kredit investasi/ <i>Placement of current accounts, placement of unrestricted time deposits, investment credit facility</i>
BRI	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</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, placement of unrestricted time deposits, Standby Letter of Credit Facility, bank guarantee facility and guarantee of suspension of import facility</i>
PT Bank Mandiri Syariah	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</i>	Deposito berjangka yang tidak dibatasi penggunaannya/ <i>Placement of unrestricted time deposits</i>
PT Pertamina Hulu Energi West Java Madura Offshore (WJMO), PT Pertamina EP, PT Pertamina Gas (Pertagas)	Dikendalikan oleh Pertamina/ <i>Controlled by Pertamina</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 Wijaya Leces (Persero), PT Wijaya Karya Intrade, PT Wijaya Karya Beton, PT Krakatau Daya Listrik, PT Indofarma (Persero) Tbk, PT Pembangkit Jawa Bali.	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</i>	Pelanggan/ <i>Customer</i>
PT Pupuk Kalimantan Timur, PT Kaltim Daya Mandiri, PT Kaltim Metanol Industri, PT Pupuk Kalimantan Timur, PT Kaltim Parna Industri Mandiri	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</i>	Pelanggan, minyak dan gas/ <i>Customer, oil and gas</i>

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**36. SIGNIFICANT BALANCES AND TRANSACTIONS  
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<b>Pihak-pihak yang berelasi/ Related parties</b>	<b>Sifat hubungan dengan pihak berelasi/Relationship with the related parties</b>	<b>Transaksi/ Transactions</b>
PT Petrogas Jatim Utama	Dikendalikan oleh Pemerintah Daerah/Controlled by the Local Government	Pelanggan, minyak dan gas/Customer, oil and gas
PT Indonesia Power, PT PLN Batam, PT PLN Salamander	Dikendalikan oleh PT Perusahaan Listrik Negara (Persero)/Controlled by PT Perusahaan Listrik Negara (Persero)	Pelanggan, transmisi gas/Customer, gas transmission
Lembaga Pembiayaan Ekspor Indonesia (LPEI), PT Antam (Persero) Tbk, Perum Pegadaian, Pertamina	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/Controlled by the Central Government of the Republic of Indonesia	Debitur obligasi/Bond debtor
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.

Transaksi-transaksi signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

Significant transactions with related parties are as follows:

**Pendapatan neto**

**Net revenues**

	<b>2017</b>	<b>2016</b>	
Distribusi gas			Gas distribution
PLN	472,876,211	529,438,145	PLN
PT Pertamina EP	25,028,377	9,238,091	PT Pertamina EP
PT Krakatau Daya Listrik	20,060,143	36,260,684	PT Krakatau Daya Listrik
PT PLN Batam	16,240,431	15,534,494	PT PLN Batam
PT Barata Indonesia (Persero)	580,134	574,900	PT Barata Indonesia (Persero)
PT Wijaya Karya Intrade	540,247	529,943	PT Wijaya Karya Intrade
PT Indofarma (Persero) Tbk	208,665	196,893	PT Indofarma (Persero) Tbk
PT Wijaya Karya Beton	118,609	105,918	PT Wijaya Karya Beton
Penjualan minyak dan gas			Oil and gas sales
PLN	122,852,697	121,612,906	PLN
Pertamina	25,028,377	17,400,985	Pertamina
PT Petrogas Jatim Utama	12,156,817	2,360,275	PT Petrogas Jatim Utama
PT Pertamina Hulu Energi	2,549,672	83,788	PT Pertamina Hulu Energi
PT Pupuk Kalimantan Timur	-	759,980	PT Pupuk Kalimantan Timur
PT Kaltim Metanol Industri	-	416,163	PT Kaltim Metanol Industri
PT Kaltim Parma Industri Mandiri	-	315,423	PT Kaltim Parma Industri Mandiri
PT Kaltim Daya Mandiri	-	17,963	PT Kaltim Daya Mandiri
Transmisi gas			Gas transmission
PLN	2,499,862	8,100,319	PLN
Pendapatan keuangan dari sewa pembiayaan			Finance income from finance lease
PLN	55,477,116	62,652,432	PLN
<b>Total</b>	<b>756,217,358</b>	<b>805,599,302</b>	<b>Total</b>
Persentase dari total pendapatan neto konsolidasian	25.47%	27.45%	Percentage from total consolidated net revenues

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## Pembelian

## Purchases

	<u>2017</u>	<u>2016</u>
PT Pertamina EP	264,688,997	275,447,370
PT Pertamina Hulu Energi	69,351,268	80,672,682
PT Pertamina Gas	<u>23,579,178</u>	<u>25,375,470</u>
<b>Total</b>	<b><u>357,619,443</u></b>	<b><u>381,495,522</u></b>
Persentase dari total beban pokok pendapatan konsolidasian	<u>16.46%</u>	<u>18.63%</u>

PT Pertamina EP  
PT Pertamina Hulu Energi  
PT Pertamina Gas

## Total

Percentage from total consolidated cost of revenues

Saldo-saldo signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

Significant balances with related parties are as follows:

## Kas dan setara kas

## Cash and cash equivalents

Pada tanggal 31 Desember 2017 dan 2016, saldo kas dan setara kas yang ditempatkan pada entitas yang berelasi dengan Pemerintah masing-masing sebesar 15.6% dan 17,97% dari total aset konsolidasian.

As of December 31, 2017 and 2016, the balances of cash and cash equivalents placed in government-related entities amounted to 15.6% and 17.97%, respectively, from the total consolidated assets.

## Investasi jangka pendek

## Short-term investments

Pada tanggal 31 Desember 2017 dan 2016, saldo investasi jangka pendek yang ditempatkan pada entitas yang berelasi dengan Pemerintah masing-masing sebesar 1,12% dan 1,01% dari total aset konsolidasian.

As of December 31, 2017 and 2016, the balances of short-term investments placed in government-related entities amounted to 1.12% and 1.01%, respectively, from the total consolidated assets.

## Piutang usaha

## Trade receivables

Pada tanggal 31 Desember 2017 dan 2016, saldo piutang usaha pada entitas yang berelasi dengan Pemerintah masing-masing sebesar 5,29% dan 5,52% dari total aset konsolidasian.

As of December 31, 2017 and 2016, the balances of trade receivables from government-related entities amounted to 5.29% and 5.52%, respectively, from the total consolidated assets.

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**36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN  
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**Piutang lain-lain**

Pada tanggal 31 Desember 2017 dan 2016, saldo piutang lain-lain pada entitas yang berelasi dengan Pemerintah masing-masing sebesar 0,17% dan 0,15% dari total aset konsolidasian.

**Uang muka**

Pada tanggal 31 Desember 2017 dan 2016, saldo uang muka yang ditempatkan pada entitas yang berelasi dengan Pemerintah masing-masing sebesar 0,18% dan 0,84% dari total aset konsolidasian.

**Rekening cadangan untuk liabilitas  
pembongkaran aset dan restorasi area**

Pada tanggal 31 Desember 2017 dan 2016, saldo rekening cadangan untuk liabilitas pembongkaran aset dan restorasi area masing-masing sebesar 0,54% dan 0,54% dari total aset konsolidasian.

**Utang usaha**

Pada tanggal 31 Desember 2017 dan 2016, saldo utang usaha kepada entitas yang berelasi dengan Pemerintah masing-masing sebesar 0,82% dan 0,70% dari total liabilitas konsolidasian.

**Pinjaman bank jangka panjang**

Pada tanggal 31 Desember 2017 dan 2016, saldo pinjaman jangka panjang yang ditempatkan pada entitas yang berelasi dengan Pemerintah, termasuk penerusan pinjaman, masing-masing sebesar 13,26% dan 12,05% 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 2017 dan 2016, yang terdiri dari:

	<u>2017</u>	<u>2016</u>	
Komisaris	2,432,142	2,736,864	Commissioners
Direksi	<u>6,812,669</u>	<u>6,673,381</u>	Directors
	<u><u>9,244,811</u></u>	<u><u>9,410,245</u></u>	

**36. SIGNIFICANT BALANCES AND TRANSACTIONS  
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**Other receivables**

As of December 31, 2017 and 2016, the balances of other receivables from government-related entities amounted to 0.17% and 0.15%, respectively, from the total consolidated assets.

**Advances**

As of December 31, 2017 and 2016, the balances of advances placed in government-related entities amounted to 0.18% and 0.84%, respectively, from the total consolidated assets.

**Escrow account for asset abandonment and  
site restoration obligations**

As of December 31, 2017 and 2016, the balances of escrow account for asset abandonment and site restoration obligations amounted to 0.54% and 0.54%, respectively, from the total consolidated assets.

**Trade payables**

As of December 31, 2017 and 2016, the balances of trade payables due to government-related entities amounted to 0.82% and 0.70%, respectively, from the total consolidated liabilities.

**Long-term bank loans**

As of December 31, 2017 and 2016, the balances of long-term loans placed in government-related entities, includes two-step loans, amounted to 13.26% and 12.05%, 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, 2017 and 2016, which consist of:

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**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.

Untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016, 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 laporan laba rugi dan penghasilan komprehensif lain konsolidasian masing-masing sebesar USD7.224.081 dan USD8.559.589.

Dana yang berasal dari anggaran yang penetapannya disetujui oleh Dewan Komisaris tersebut ditempatkan dalam rekening bank terpisah. Saldo dana dalam rekening bank tersebut pada tanggal 31 Desember 2017 dan 2016 adalah USD716.834 dan USD890.998, yang dilaporkan sebagai bagian kas dan setara kas pada laporan posisi keuangan konsolidasian.

**38. PERJANJIAN-PERJANJIAN PENTING**

Perusahaan mengadakan perjanjian-perjanjian penting sebagai berikut:

a. PJBG

Perusahaan 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.

**37. PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM**

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.

For the year ended December 31, 2017 and 2016, 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 the consolidated statement of profit or loss and other comprehensive income amounted to USD7,224,081 and USD8,559,589 respectively.

The fund arising from the budget, which is approved by the Board of Commissioners, are deposited into designated bank accounts. The balance of such fund as of December 31, 2017 and 2016 amounted to USD716,834 and USD890,998, respectively, which are reported as part of cash and cash equivalent in the statements of consolidated financial position.

**38. SIGNIFICANT AGREEMENTS**

The Company has the following significant agreements:

a. GSPA

The Company is required to buy 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.

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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 kontrak/ Contract Volume	Jangka waktu/Term		Keterangan/ Remarks
				Awal/ Start	Akhir/ End	
PT Pertamina EP	PJBG/GSPA Palembang	DOH Sumatera Selatan/ South Sumatra	2,343 BSCF	17 Des/Dec 1999	7 Okt/Oct 2012	Berlaku sampai dengan tanggal berakhirnya perjanjian atau kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu. Sampai dengan tanggal ini, perjanjian masih dalam proses untuk dijadikan satu dengan PJBG PEP Sumatera Selatan - Jawa Barat. <i>It is valid until the expiry date of the agreement or contracted quantity is delivered, whichever comes first. Up to the date of this report, the agreement is in the process for combining to GSPA PEP South Sumatera - West Java.</i>  Selama tahun 2017, Perusahaan dan PT Pertamina EP tetap melakukan transaksi jual beli gas dengan mengambil alokasi gas dari kontrak PJBG Sumatera Selatan-Jawa Barat/ <i>During 2017, the Company and PT Pertamina EP still conduct gas sales and purchase transactions by using gas allocation from GSPA South Sumatera-West Java's contract.</i>
PT Pertamina EP	PJBG/GSPA Medan	Lapangan minyak dan gas bumi PT Pertamina EP area kerja Aset 1/Oil and gas field of PT Pertamina EP working area	7 MMSCFD (2013 & 2014), 6 MMSCFD (Apr 2015-Mar 2016), 5 MMSCFD (Apr 2016-Mar 2017), 4.5 MMSCFD (Apr-Des/Dec 2017) 3 MMSFCD (Jan-Des/Dec 2018), 2 MMSFCD (2013), 1.5 MMSCFD (2015), 1 MMSCFD (2015)	4 Apr/Apr 2002	31 Des/Dec 2018	Sampai dengan tanggal laporan ini, masih dalam proses pembahasan amandemen PJBG/ <i>Up to the date of this report, the amendment of GSPA is in process.</i>
PT Pertamina EP	Kesepakatan bersama sumur Benggala-1/ Mutual Agreement Benggala-1 well	Sumur Benggala-1 Sumatera Utara/ Benggala-1 well North Sumatra	2 MMSCFD	23 Okt/Oct 2013	Ditanda ngani dan berlaku efektifnya PJBG/ Once GSPA is signed and effective	Sampai dengan tanggal laporan ini, PJBG masih dalam proses penandatanganan sehingga dokumen hukum sementara penyaluran gas berdasarkan Kesepakatan Bersama/ <i>Up to the date of this report, GSPA is in the signing process so that the bridging document for gas supply is based on the Mutual Agreement.</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	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/ Randegan transaction point : 2.5 MMSCFD (Apr 2013 - Mar 2015), 2 MMSCFD (Apr 2015 – Des/Dec 2017), 1.5 MMSCFD (1 Jan-31 Des/Dec 2018)  Titik serah Sunyaragi/ Sunyaragi transaction point: 1.5 MMSCFD (Mei/May 2013 – Des/Dec 2013, 2 MMSCFD (Jan 2014 – Des/Dec 2017)  2.25 mmscf (1 Jan-31 Des/Dec 2018)	4 Apr/Apr 2002	31 Des/Dec 2018	Sampai dengan tanggal laporan ini, masih dalam proses pembahasan amandemen PJBG/ <i>Up to the date of this report, the amendment of GSPA is in process.</i>  Selama tahun 2017, Perusahaan dan PT Pertamina EP tetap melakukan transaksi jual beli gas sesuai dengan surat penetapan alokasi dari Menteri ESDM yang ditindaklanjuti dengan penyusunan KB yang saat ini masih dalam tahap penandatanganan secara sirkuler/During 2017, the Company and PT Pertamina EP still conduct gas sales and purchase transactions in accordance to the letter of allocation from the Ministry of Energy and Mineral Resources followed with the preparation of Mutual Agreement which is currently still in the stage of circular signing.
PT Pertamina EP	Kesepakatan Bersama Penyaluran Gas Jargas Cirebon/Mutual Agreement of Jargas 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/ Sunyaragi transaction point: 0.2 MMSCFD	31 Des/Dec 2015	8 Sep/Sep 2020	Sampai dengan tanggal laporan ini, masih dalam proses pembahasan PJBG/Up to the date of this report, the GSPA is in process.
PT Pertamina EP	PJBG Sumatera Selatan-Jawa Barat/GSPA South Sumatra-West Java	DOH Sumatera Selatan/ South Sumatra	1,006 TSCF	26 Jun/Jun 2003	31 Des/Dec 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>

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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 EEJW	Jatirarangan	2.5 BBTUD (19 Oct - 31 Des/Dec 2014) 3.5 BBTUD (1 Jan - 31 Mar 2015) 2.5 MMSFC (1 Apr - 31 Des/Dec 2015) 1.2 MMSFC (1 Jan - 31 Des/Dec 2016) 1.2 MMSFC (1 Jan - 17 Okt/Oct 2017) 0.8 MMSFC (18 Okt/Oct – 17 Okt/Oct 2018) 0.6 MMSFC (18 Okt/Oct – 31 Des/Dec 2018)	26 Jul/Jul 2004	31 Des/Dec 2018	Sampai dengan tanggal laporan ini, masih dalam proses pembahasan amandemen PJBG/ <i>Up to the date of this report, the amendment of GSPA is in process.</i>  Selama tahun 2017, Perusahaan dan PT Pertamina EP tetap melakukan transaksi jual beli gas sesuai dengan ketentuan PJBG/ <i>During 2017, the Company and PT Pertamina EP still conduct gas sales and purchase transactions in accordance with GSPA.</i>
ConocoPhillips (Grissik) Ltd.	PJBG/GSPA Batam I	Corridor Block	225 TBTU	9 Jul/Jul 2004	12 Okt/Oct 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	Corridor Block	2.310 TBTU	9 Agt/Aug 2004	30 Sep/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	Corridor Block	65.8 TBTU	12 Des/Dec 2004	11 Des/Dec 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	Corridor Block	12.5 BBTUD	31 Mei/May 2010	20 Des/Dec 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) <i>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)</i>	29 Des/Dec 2003	22 Apr/Apr 2020	Sampai dengan tanggal laporan ini, masih dalam proses pembahasan amandemen PJBG/ <i>Up to the date of this report, the amendment of GSA is in process.</i> Volume as it is yang dimaksud dalam perjanjian ini adalah kondisi dimana seluruh volume gas apa adanya yang keluar atau dihasilkan dari Lapangan Wunut akan diserahkan dan dijual oleh pemasok kepada Perusahaan/Condition which the entire gas volume as it is produced out of the Wunut Field to be submitted and sold by supplier to the Company.



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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 Hulu Energy West Madura Offshore, Kodeco Energy Co. Ltd. Dan PT Mandiri Madura Barat	Kesepakatan Bersama Penyaluran Jaringan Gas Surabaya/ <i>Mutual Agreement of Jargas distribution in Surabaya</i>	<i>Offshore Madura Barat/West Madura Offshore</i>	0.2 MMSCFD	23 Nov/Nov 2015	31 Des/Dec 2018	Sampai dengan tanggal laporan ini, masih dalam proses pembahasan PJBG/ <i>Up to the date of this report, the GSPA is in process.</i>
Santos (Madura Offshore) Pty. Ltd., PC Madura Ltd., dan PT Petrogas Pantai Madura	PJBG/GSPA <i>Santos Maleo</i>	Lapangan Maleo/ <i>Maleo Field</i>	351 BCF	14 Jul/Jul 2007	13 Jul/Jul 2019	Jumlah cadangan Maleo Field (2P)/ <i>the amount of Maleo Field (2P) reserves.</i>
Husky CNOOC Madura Ltd.	PJBG/GSPA <i>Husky</i>	Lapangan Madura BD/ <i>Madura BD field</i>	20 MMSCFD (Gas in 13 Nov 2017) 60 MMSCFD (mulai/start from 14 Nov 2017)	30 Okt/Oct 2007	26 Jul/Jul 2037	Sampai dengan tanggal laporan ini, Tanggal Dimulai belum ditentukan/ <i>Up to the date of this report, the start date is not defined yet.</i>
PT Bayu Buana Gemilang ("BBG")	PJBG/GSPA BBG	Lapangan Terang Sirasun Batur/ <i>Terang Sirasun Batur field</i>	22,981 TBTU	30 Nov/Nov 2011	31 Des/Dec 2020	-
PT Walinusa Energi ("WNE")	PJBG/GSPA WNE	Lapangan Terang Sirasun Batur/ <i>Terang Sirasun Batur field</i>	40,593 TBTU	12 Jan/Jan 2012	31 Des/Dec 2020	-
PT Inti Daya Latu Prima ("IDL")	PJBG/GSPA IDL	Blok Jambi – Merang/ <i>Jambi – Merang block</i>	5 BBTUD	7 Feb/Feb 2012	9 Feb/Feb 2019	Jumlah penyerahan harian untuk tanggal 1 Januari 2014-9 Februari 2019/ <i>Daily contract quantity since January 1, 2014 until February 9, 2019.</i>
PT Indogas Kriya Dwiguna ("IKD")	PJBG/GSPA IKD	Lapangan Terang Sirasun Batur/ <i>Terang Sirasun Batur field</i>	20 BBTUD	17 Feb/Feb 2012	31 Des/Dec 2020	-
PT Sadikun Niagamas Raya ("SNR")	PJBG/GSPA SNR	Lapangan Terang Sirasun Batur/ <i>Terang Sirasun Batur field</i>	40,9 TBTU	11 Apr/Apr 2012	31 Des/Dec 2020	-
Pertagas	PJBG/GSPA Pertagas	Gas hasil regasifikasi LNG Arun Regas/ <i>Gas from regasifica- tion of LNG Arun Regas</i>	2015: 562,73 BBTU 2016: 1.310 BBTU	28 Agt/Aug 2015	27 Agt/Aug 2020	-

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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
Petrogas (Basin) Ltd	Kesepakatan Bersama Penyaluran Gas untuk Jargas Kabupaten Sorong/ <i>Mutual Agreement of Jargas distribution in Sorong</i>	Blok Kepala Burung/ <i>Kepala Burung block</i>	0,2 MMSCFD	29 Feb/Feb 2016	28 Feb/Feb 2021	Sampai dengan tanggal laporan ini, masih dalam proses pembahasan PJBG/ <i>Up to the date of this report, the GSPA is in process.</i>
PT Medco E&P Indonesia	Kesepakatan Bersama Penyaluran Gas untuk Jargas Kota Tarakan/ <i>Mutual Agreement of Jargas distribution in Tarakan</i>	Lapangan di Wilayah Kerja Tarakan/ <i>Field in Tarakan working area</i>	0,2 BBTUD	8 Jan/Jan 2016	Sampai dengan tercapa- inya total jumlah kontrak gas sebesar 321,48 BBTU/ <i>Once total of gas reach 321.48 BBTU</i>	Sampai dengan tanggal laporan ini, masih dalam proses pembahasan PJBG/ <i>Up to the date of this report, the GSPA is in process.</i>
PT Pertamina EP Asset IV	Kesepakatan Bersama Penyaluran Gas untuk Jaringan Gas Blora/ <i>Mutual Agreement of Jargas distribution in Blora</i>	Gundih	0,2 MMSCFD	18 Jul/Jul 2016	8 Sep/Sep 2020	Sampai dengan tanggal laporan ini, masih dalam proses pembahasan PJBG/ <i>Up to the date of this report, the GSPA is in process.</i>
JV Tangguh	Perjanjian Jual Beli LNG JV Tangguh/LNG <i>Sales and Purchase Agreement for JV Tangguh</i>	Blok Tangguh/ <i>Tangguh Block</i>	Sesuai dengan konfirmasi pengiriman/ <i>In accordance with confirmation notice</i>	1 Apr/Apr 2016	31 Des/Dec 2019	-
PT Pertamina EP Asset V	Kesepakatan Bersama Penyaluran Gas untuk Jaringan Gas Tarakan/ <i>Mutual Agreement of Jargas distribution in Tarakan</i>	Lapangan Bunyu	0,3 MMSCFD	1 Ags/Aug 2017	Sampai adanya ketetapan dengan pemerinta <i>h/upto the governme nt 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 Semarang/ Mutual Agreement of Jargas distribution in Semarang	Gundih	0,2 MMSCFD	9 Mei/May 2016	8 Sep/Sep 2020	Sampai dengan tanggal laporan ini, masih dalam proses pembahasan PJBG/Up to the date of this report, the GSPA is in process.
PT Pertamina EP Asset IV	Kesepakatan Bersama Penyaluran Gas untuk Jaringan Gas Blora/Mutual Agreement of Jargas distribution in Blora	Gundih	0,2 MMSCFD	18 Jul/Jul 2016	8 Sep/Sep 2020	Sampai dengan tanggal laporan ini, masih dalam proses pembahasan PJBG/Up to the date of this report, the GSPA is in process.
JV Tangguh	Perjanjian Jual Beli LNG JV Tangguh/LNG Sales and Purchase Agreement for JV Tangguh	Blok Tangguh/ Tangguh Block	Sesuai dengan konfirmasi pengiriman/In accordance with confirmation notice	15 Apr/Apr 2014	20 Nov/Nov 2017	-
PT Gresik Migas	Kesepakatan Bersama Penyaluran Gas dari Wilayah kerja West Madura Offshore/ Mutual Agreement of West Madura Offshore field	West Madura Offshore	Gas Utama 5 BBTUD  Gas tambahan > 0 BBTUD	27 Mar/Mar 2017	Sampai dengan ditandatan gani dan berlaku efektifnya PJBG atau 31 Desember 2018	Tanggal Dimulai telah ditentukan pada 21 April 2017/The start date is defined on April 21, 2017
ConocoPhillips (Grissik) Ltd.	PJBG/GSPA Dumai	Corridor Block/Corrid or 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 2017	31 Des/Dec 2023	Tanggal Dimulai tidak lebih dari 1 Oktober 2018 /The Start Date no later than October 1, 2018

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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 Medco E&P Indonesia	Kesepakatan Bersama Penyaluran Gas untuk Jargas Kota Musi Banyu Asin/ Mutual Agreement of City Gas distribution in Musi Banyu Asin	Lapangan di Wilayah Kerja Musi Banyu Asin/ Field in Musi Banyu Asin working area	0,25 BBTUD	26 Sep/Sep 2017	Sampai dengan tercapainya a total jumlah kontrak gas sebesar 871 BBTU/ Once total of gas reach 871 BBTU	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 Enerfy	PJBG/GSPA PGN-IAE	Lapangan Madura BD/ Madura BD field	15 BBTUD	2 Nov/Nov 2017	6 tahun/6 tahun/6 years	-

b. Perjanjian Penyaluran Gas melalui East Java Gas Pipeline System ("EJGP")

Pada tanggal 10 Juni 2005, Perusahaan dan Pertamina menandatangani Perjanjian Penyaluran Gas melalui East Java Gas Pipeline System (EJGP), dimana Pertamina setuju memberikan jasa transportasi gas dari titik hubung antara pipa percabangan Maleo sampai titik penyerahan. Perjanjian ini akan berakhir delapan tahun sejak tanggal mulai yang disepakati atau berakhirnya Perjanjian Penjualan Gas antara Perusahaan dan Madura Offshore PSC Contractors, mana terlebih dahulu.

Pada tanggal 11 Januari 2010, Pertamina, PT Pertamina Gas (Pertagas) dan Perusahaan menandatangani Perjanjian Novasi atas Perjanjian EJGP dimana hak dan kewajiban Pertamina beralih ke Pertagas.

Perjanjian ini telah beberapa kali mengalami perubahan, yang terakhir Perusahaan dan Pertagas menandatangani Perubahan dan Pernyataan Kembali Perjanjian Pengangkutan Gas Bumi Melalui Pipa pada tanggal 29 Januari 2015, dimana Perusahaan dan Pertagas setuju untuk memperpanjang jangka waktu Perjanjian sampai dengan 13 Juli 2019 atau tanggal lain yang tersebut dalam Economic Termination Notice dari Madura Offshore PSC Contractors, mana yang lebih dahulu.

b. Gas Transportation Agreement through East Java Gas Pipeline System ("EJGP")

On June 10, 2005, the Company and Pertamina, entered into a Gas Transportation Agreement through East Java Gas Pipeline System (EJGP) whereby Pertamina agreed to provide gas transportation from Maleo field to the delivery point. This agreement will be terminated eight years after the agreed starting date or until the termination of the Gas Sales Agreement between the Company and Madura Offshore PSC Contractors, whichever date is earlier.

On January 11, 2010, Pertamina, PT Pertamina Gas (Pertagas) and the Company entered into a Novation Agreement of EJGP Agreement whereas the rights and obligations of Pertamina will be transferred to Pertagas.

This agreement has been amended several times, most recently, the Company and Pertagas entered into a Amendment and Restatement Gas Transportation Agreement through Pipeline dated January 29, 2015, whereby the Company and Pertagas agreed to extend the term of the agreement until July 13, 2019 or until the Economic Termination Notice from Madura Offshore PSC Contractors, whichever comes first.

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unless otherwise stated)***38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)****c. Perjanjian Pemanfaatan Pipa Transmisi  
Pertagas Area Jawa Bagian Barat**

Pada tanggal 22 Desember 2009, Perusahaan dan PT Pertamina Gas ("Pertagas") telah menandatangani Kesepakatan Bersama Pemanfaatan Jaringan Pipa Transmisi Area Jawa bagian Barat Ruas Tegal Gede-Nagrak-Bitung ("Kesepakatan Bersama"), di mana Pertagas setuju memberikan jasa transportasi gas dari titik penerimaan gas pada suction kompressor di Stasiun Pengukuran Gas di Tegal Gede sampai dengan Stasiun Pengukuran Gas di Serpong. *Reserved Capacity* yang disediakan untuk pengangkutan gas tersebut sebesar 40 mmscf. Perjanjian berlaku untuk 12 bulan sejak tanggal 1 Januari 2010 atau tanggal lain yang disepakati oleh para pihak.

Pada tanggal 21 Mei 2010, Perusahaan dan Pertagas menandatangani Amandemen Kesepakatan Bersama yang menambahkan ruas Citarik-Tegal Gede dan pada tanggal 11 Maret 2011 terkait penambahan titik serah pada ruas Nagrak - Bitung dan Bitung - Cilegon.

Pada tanggal 16 Mei 2014, Perusahaan dan Pertagas menandatangani Perjanjian Pengangkutan Gas Bumi Melalui Pipa (untuk Area Jawa Bagian Barat) dengan kapasitas yang disediakan untuk pengangkutan gas tersebut sebesar 3,3 mmscf. Perjanjian berlaku sejak tanggal 1 Mei 2013 sampai dengan 18 Oktober 2014 atau telah terpenuhinya *Reserved Capacity*, mana yang lebih dahulu terjadi.

Perjanjian ini telah beberapa kali mengalami perubahan, yang terakhir, Perusahaan dan Pertagas menandatangani Amandemen Kedua atas Perjanjian Pengangkutan Gas Bumi Melalui Pipa (untuk Area Jawa Bagian Barat) tanggal 7 April 2016, yang memperpanjang jangka waktu perjanjian sampai dengan 18 Oktober 2017 atau telah terpenuhinya *Reserved Capacity*, mana yang lebih dahulu terjadi.

**38. SIGNIFICANT AGREEMENTS (continued)****c. *Pertagas West Java Gas Transportation  
Pipeline Utilisation Agreement***

*On December 22, 2009, the Company and PT Pertamina Gas (Pertagas), entered into a Gas Transportation Agreement through West Java Tegal Gede-Nagrak-Bitung Gas Pipeline System (WJGP) whereby Pertagas agreed to provide gas transportation from suction compressor at Gas Metering Station in Tegal Gede to Gas Metering Station in Serpong. Reserved capacity to transport the gas amounted 40 mmscf. This agreement is valid for 12 months since January 1, 2010 or such other date as agreed by the parties of the agreements.*

*On May 21, 2010, the Company and Pertagas signed an amendment agreement which added Citarik-Tegal Gede sections and on March 11, 2011, related to addition of transfer point of Nagrak - Bitung and Bitung - Cilegon.*

*On May 16, 2014, the Company and Pertagas signed the a Gas Transportation Agreement (for West Java Area) with the capacity provided for gas transportation amounting to 3.3 mmscf. This agreement is valid from May 1, 2013 until October 18, 2014 or until Reserved Capacity has been fulfilled, whichever comes first.*

*This agreement has been amended several times, most recently, the Company and Pertagas signed the Second Amendment of Gas Transportation Agreement (for West Java Area) dated April 7, 2016, which extended the maturity date of the agreement until October 18, 2017 or until Reserved Capacity has been fulfilled, whichever comes first.*

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**38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)**

- d. 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.

- e. 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.

**38. SIGNIFICANT AGREEMENTS (continued)**

- d. *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:*

*This agreement is valid for 9 years, starting from the date of the gas delivered.*

- e. *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.*

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## 38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

f. Perjanjian *Joint Venture* LNG *Liquefaction Plant*

Pada tanggal 30 Desember 2013, PLI dan PT Multi Gas Nusantara ("MGN") telah menandatangani Perjanjian Pemegang Saham *Joint Venture* LNG *Liquefaction Plant* di Gresik, Jawa Timur. *Joint venture* ini didirikan dengan tujuan untuk melaksanakan pembangunan dan pengoperasian LNG *Liquefaction Plant* termasuk pembelian gas dan pemasarannya dengan nilai kapasitas gas sebesar 20 MMSCFD. Sampai dengan tanggal laporan ini, PLI belum melakukan penyeteroran investasi.

## g. 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.

## h. 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 Lapangan Kepodang ke fasilitas pembangkit milik PLN di Tambak Lorok.

Perjanjian berlaku untuk 12 tahun sejak tanggal dimulainya pengangkutan gas.

## 38. SIGNIFICANT AGREEMENTS (continued)

f. LNG *Liquefaction Plant* *Joint Venture* Agreement

On December 30, 2013, PLI and PT Multi Gas Nusantara ("MGN") signed the Shareholders Agreement Establishment for a *Joint Venture* of LNG *Liquefaction Plant* in Gresik, East Java. This *joint venture* is engaged in development and operational of LNG *Liquefaction Plant* including the gas purchase and sales with gas capacity amounting to 20 MMSCFD. Up to the date of this report, PLI has not yet made any investments.

## g. 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 FSRT Lampung and perform regasification process for 20 years with two extension period of 5 years each.

## h. 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.

This agreement is valid for 12 years, starting from the date of the gas delivery.

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**38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)**

- i. 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 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 royalti sebesar Rp200.000.000 termasuk pajak penghasilan setiap tahunnya dari tanggal 20 Maret 2010 sampai dengan 20 Maret 2031.

Apabila tahap pengelolaan telah berakhir, yaitu pada tanggal 2 April 2032, Perusahaan akan memberikan hak prioritas kepada CTJ untuk memperoleh hak pengelolaan tahap kedua dengan jangka waktu 25 tahun.

- j. 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 kompensasi selama 28 tahun 6 bulan. Pada akhir masa pengelolaan, bangunan pusat perbelanjaan dan perkantoran akan menjadi milik Perusahaan.

**38. SIGNIFICANT AGREEMENTS (continued)**

- i. *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.*

- j. *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.*



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**38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)**

- j. Perjanjian Kerja Sama Operasi dengan PT Winatek Sinergi Mitra Bersama ("Winatek") (lanjutan)

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 2 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.

- k. Perjanjian Kerja Sama Operasi dengan Pertamina

Pada tanggal 10 November 2017, Perusahaan dan Pertamina mengadakan perjanjian kerja sama operasi. Dalam perjanjian ini, Perusahaan dan Pertamina akan melaksanakan kerja sama pembangunan, pengoperasian dan pemeliharaan bersama pipa transmisi gas bumi beserta fasilitasnya dari Duri ke Dumai dengan pembagian komposisi partisipasi sebesar 40% untuk Perusahaan dan 60% untuk Pertamina. Nilai anggaran proyek adalah sebesar USD52.276.749. Perjanjian ini berlaku selama 20 tahun dihitung sejak ditandatanganinya perjanjian.

**39. IKATAN DAN KONTINJENSI**

- a. Gugatan dari ConocoPhillips (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.

**38. SIGNIFICANT AGREEMENTS (continued)**

- j. *Joint Operation Agreement with PT Winatek Sinergi Mitra Bersama ("Winatek") (continued)*

*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.*

- k. *Joint Operation Agreement with Pertamina*

*On November 10, 2017, the Company entered into a joint operation agreement with Pertamina. In this agreement, the Company and Pertamina will develop, operate and maintain natural gas transmission pipeline as well as the facilities from Duri to Dumai with composition of participation of 40% for the Company and 60% for Pertamina. The value of the project budget is USD52,276,749. This agreement is valid for 20 years, from the agreement date signed.*

**39. COMMITMENTS AND CONTINGENCIES**

- a. *Claim from ConocoPhillips (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.*

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**39. IKATAN DAN KONTINJENSI (lanjutan)**

- a. Gugatan dari ConocoPhillips (Grissik) Ltd dan Petrochina International Jabung Ltd kepada Transgasindo (lanjutan)

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. Pembayaran tersebut telah diakui Transgasindo sebagai beban pada laporan laba rugi sebesar USD5.187.139 pada periode yang berakhir 31 Desember 2017 dan USD10.405.171 pada periode yang berakhir 31 Desember 2016. Sisa nilai pembayaran setelah dikurangi beban pada laporan laba rugi diakui sebagai aset lain-lain karena berkaitan dengan denda atas perbedaan tarif jasa transportasi gas setelah tanggal 31 Desember 2017 sampai dengan akhir masa kontrak.

**39. COMMITMENTS AND CONTINGENCIES  
(continued)**

- a. *Claim from ConocoPhillips (Grissik) Ltd and Petrochina International Jabung Ltd to Transgasindo (continued)*

*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 did 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. Those payments have been recognised by Transgasindo as expenses in statement of profit or loss amounting to USD5,187,139 for the period ended December 31, 2017 and USD10,405,171 for year ended December 31, 2016. The remaining payment after deducted by expense recognised in profit of loss, is recognised as other assets, since it is related to penalty due to tariff difference for gas transportation service start from December 31, 2017 until the end of the contract period.*

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**39. IKATAN DAN KONTINJENSI (lanjutan)**

- b. Deklarasi keadaan kahar dalam Perjanjian pengangkutan Gas Kepodang – Tambak Lorok oleh PC Muriah Ltd.

Pada tanggal 8 Juni 2017, KJG menerima surat dari PC Muriah Ltd yang memberikan notifikasi perihal adanya keadaan kahar akibat adanya penurunan permanen cadangan gas di Lapangan Kepodang. KJG telah menanggapi surat tersebut melalui surat tertanggal 13 Juni 2017. KJG menolak keadaan kahar tersebut karena berdasarkan ketentuan *Gas Transportation Agreement*, keadaan kahar tersebut harus ditetapkan oleh konsultan independen dan selanjutnya diperiksa dan disetujui oleh SKK Migas. Sampai dengan tanggal penerbitan laporan keuangan ini, belum ada hasil akhir dari laporan konsultan independen terkait pemeriksaan keadaan kahar tersebut.

- c. Peraturan Menteri Energi dan Sumber Daya Mineral No. 58 tahun 2017 (“Permen ESDM 58”)

Grup terekspos pada Peraturan Menteri Energi dan Sumber Daya Mineral (ESDM) Nomor 58 tahun 2017 (“Permen ESDM 58”) yang ditetapkan pada tanggal 27 Desember 2017 tentang Harga Jual Gas Bumi melalui Pipa Pada Kegiatan Usaha Hilir Migas. Pengaturan mengenai harga jual gas bumi hilir dalam Permen ESDM 58 ini bertujuan untuk meningkatkan pemanfaatan gas bumi untuk kebutuhan dalam negeri dan menjamin kepastian harga jual gas bumi hilir.

Permen ESDM 58 mengatur harga jual untuk penyediaan tenaga listrik dan industri dengan mempertimbangkan harga gas bumi, biaya infrastruktur, dan biaya niaga. Permen ESDM 58 ini berlaku sejak tanggal 29 Desember 2017. Sampai dengan tanggal dikeluarkannya laporan keuangan konsolidasian ini, Grup masih dalam proses penyusunan harga jual gas bumi sesuai dengan Permen ESDM 58.

**39. COMMITMENTS AND CONTINGENCIES  
(continued)**

- b. *Force majeure on Transportation Gas Agreement Kepodang – Tambak Lorok declaration by PC Muriah Ltd.*

*On June 8, 2017, KJG received a letter from PC Muriah Ltd regarding notification of force majeure that resulted from permanent depletion on gas reserve at Kepodang Field. KJG has responded the letter through letter dated June 13, 2017. KJG disagrees with the force majeure since based on the Gas Transportation Agreement, force majeure should be determined by independent consultant and then should be examined and approved by SKK Migas. Until the issuance date of these financial statements, there are no final result from the independent consultant's report regarding the force majeure.*

- c. *Regulation of the Minister of Energy and Mineral Resources No. 58 years 2017 (“MoEMR 58”)*

*Group are exposed to Ministry of Energy and Mineral Resources regulation No. 58 year 2017 (“MoEMR 58”) which was ratified on December 27, 2017 regarding Sales Price of Natural Gas through Pipes on Downstream Oil and Gas Business Activities. This downstream natural gas sales price regulation in MoEMR 58 aims to improve natural gas utilization for domestic needs and to guarantee downstream natural gas sales price.*

*MoEMR 58 regulates sales price for power sector and industries with consideration of natural gas price, infrastructure cost, and commercial cost. This MoEMR 58 become effective from 29 December 2017. Until the issuance date of these consolidated financial statements, the Group are still in progress to formulate the natural gas sales price in accordance with MoEMR 58.*

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO  
KEUANGAN**

**MANAJEMEN RISIKO**

Liabilitas keuangan utama Grup meliputi pinjaman bank jangka pendek, utang usaha dan lain-lain, liabilitas yang masih harus dibayar, pinjaman jangka panjang dan utang derivatif. Tujuan utama dari liabilitas keuangan ini adalah untuk mengumpulkan dana untuk operasi Grup dan lindung nilai dari risiko fluktuasi nilai tukar. 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.

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, risiko likuiditas penggunaan instrumen keuangan derivatif dan non-derivatif. 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.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES**

**RISK MANAGEMENT**

*The principal financial liabilities of the Group consist of short-term bank loan, trade and other payables, accrued liabilities, long-term loans and derivative payable. The main purpose of these financial liabilities is to raise funds for the operations of the Group and to hedge the risk of the foreign exchange rate fluctuation. 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 minimize 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.*

*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, liquidity risk use of derivative financial instruments and non-derivative financial instruments. 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.*

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KEUANGAN (lanjutan)

## MANAJEMEN RISIKO (lanjutan)

Manajemen risiko dilaksanakan oleh Komite Manajemen Risiko dengan kebijakan-kebijakan yang disetujui oleh Dewan Direksi. Grup mengidentifikasi, mengevaluasi dan melakukan aktivitas lindung nilai secara ekonomis atas risiko keuangan. 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, penggunaan instrumen keuangan derivatif dan non-derivatif.

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 dari penjualan gas.

## (i) Pengukuran risiko kredit

Estimasi terhadap eksposur kredit adalah proses yang kompleks dan memerlukan penggunaan model, dimana nilai dari suatu produk bervariasi tergantung dengan perubahan pada variabel-variabel pasar, arus kas masa depan dan rentang waktu.

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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)

## RISK MANAGEMENT (continued)

Risk management is carried out by Risk Management Committee under policies approved by the Board of Directors. The Group identifies, evaluates and economically hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

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 gas to customers.

## (i) Credit risk measurement

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time.

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.

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO  
KEUANGAN (lanjutan)**

**MANAJEMEN RISIKO (lanjutan)**

a. Risiko kredit (lanjutan)

(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.

(iii) Penurunan nilai dan kebijakan pencadangan

Cadangan kerugian penurunan nilai yang diakui pada pelaporan keuangan hanyalah kerugian yang telah terjadi pada tanggal laporan 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 konsolidasian adalah sebagai berikut:

	<b>Eksposur Maksimum/ Maximum exposure</b>	
	<b>2017</b>	<b>2016</b>
Piutang usaha	548,769,690	543,806,803
Piutang lain-lain	161,722,973	234,041,757
Piutang lain-lain jangka panjang	255,863,229	228,013,045
	<u>966,355,892</u>	<u>1,005,861,605</u>

*Trade receivables  
Other receivables  
Other long-term receivables*

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

**RISK MANAGEMENT (continued)**

a. Credit risk (continued)

(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.*

(iii) Impairment and provisioning policies

*Impairment allowances are recognised for financial reporting purposes only for losses that have been incurred at the date of the consolidated financial statement (based on objective evidence of impairment).*

(iv) Maximum exposure to credit risk before deposit held

*Credit risk exposure relating to assets in the consolidated statement of financial position are as follows:*

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KEUANGAN (lanjutan)

## MANAJEMEN RISIKO (lanjutan)

## a. Risiko kredit (lanjutan)

- (iv) Eksposur maksimum risiko kredit tanpa
- 
- memperhitungkan jaminan (lanjutan)

Sehubungan dengan risiko kredit yang timbul dari aset keuangan lainnya yang mencakup kas dan setara kas dan investasi jangka pendek, risiko kredit yang dihadapi Perusahaan dan entitas anak 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 7, 8 dan 12.

Tabel berikut ini menggambarkan rincian eksposur kredit Grup pada nilai tercatat (memperhitungkan agunan atau pendukung kredit lainnya), yang dikategorikan berdasarkan operasi utama.

	2017		
	Tidak mengalami penurunan nilai/ <i>Non impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total/ <i>Total</i>
<b>Piutang usaha</b>			
Distribusi	157,348,159	92,360,542	249,708,701
Transmisi	1,896,181	-	1,896,181
Minyak dan gas	86,230,233	-	86,230,233
Operasi lainnya	242,083,380	5,971,115	248,054,495
<b>Total</b>	<b>487,557,953</b>	<b>98,331,657</b>	<b>585,889,610</b>
Dikurangi:			
Cadangan kerugian penurunan nilai	-	(37,119,920)	(37,119,920)
<b>Neto</b>	<b>487,557,953</b>	<b>61,211,737</b>	<b>548,769,690</b>

40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)

## RISK MANAGEMENT (continued)

## a. Credit risk (continued)

- (iv) Maximum exposure to credit risk before
- 
- deposit held (continued)

With respect to credit risk arising from the other financial assets, which comprise cash and cash equivalent and short-term investment, the Company's and subsidiaries' 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 7, 8 and 12.

The following table breaks down the Group's credit exposure at carrying amounts (taking into account any collateral held or other credit support), as categorised by the main operations.

**Trade receivables**  
Distribution  
Transmission  
Oil and gas  
Other operations

**Total**

Less:

Allowance  
for impairment  
losses

**Net**

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO  
KEUANGAN (lanjutan)**

**MANAJEMEN RISIKO (lanjutan)**

a. Risiko kredit (lanjutan)

- (iv) Eksposur maksimum risiko kredit tanpa memperhitungkan jaminan (lanjutan)

Entitas anak mempunyai konsentrasi risiko kredit atas seluruh penjualan minyak dan gas bumi kepada pembeli tunggal. Penjualan minyak pada umumnya dijual berdasarkan kontrak jangka pendek dan tidak membutuhkan jaminan dari pembeli yang mencerminkan kurang lebih sebesar 62% dari jumlah piutang minyak dan gas bumi. Gas alam dijual berdasarkan perjanjian penjualan gas antara PSC Pangkah kepada pembeli tunggal, dimana mencerminkan kurang lebih 33% dari jumlah piutang minyak dan gas. LPG dijual berdasarkan perjanjian jual beli LPG antara Pangkah PSC kepada pembeli tunggal, yang mencerminkan kurang lebih sebesar 5% dari piutang minyak dan gas.

- (v) Kualitas kredit aset keuangan

Kualitas kredit aset keuangan dapat dinilai dengan mengacu pada peringkat kredit eksternal (jika tersedia) atau mengacu pada informasi historis mengenai tingkat gagal bayar debitur:

	<u>2017</u>	<u>2016</u>	
<b>Piutang usaha</b>			<b>Trade receivables</b>
Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo)			Counterparties with external credit rating (Pefindo)
AAA	<u>396,363,204</u>	<u>412,249,457</u>	AAA
Dengan pihak yang tidak memiliki peringkat kredit eksternal	<u>152,406,486</u>	<u>131,557,346</u>	Counterparties without external credit rating
Jumlah piutang usaha yang tidak mengalami penurunan nilai	<u>548,769,690</u>	<u>543,806,803</u>	Total unimpaired trade receivables

Piutang usaha dengan pihak yang tidak memiliki tingkat kredit eksternal yang berkaitan dengan distribusi gas sejumlah USD152 juta dijamin dengan garansi bank yang memiliki reputasi kredit yang baik. Piutang usaha lainnya terdiri dari perusahaan yang tidak memiliki risiko gagal bayar.

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.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

**RISK MANAGEMENT (continued)**

a. Credit risk (continued)

- (iv) Maximum exposure to credit risk before deposit held (continued)

The subsidiary is subject to concentration of credit risk as all of their crude oil and gas sales are to single counter party. Crude oil sales are generally sold under short-term contracts and generally do not require collateral from the counter party, which represents approximately 62% of total oil and gas trade receivables. Natural gas sales are sold under Gas Sales Agreement between Pangkah PSC to a single counter party, which represent approximately 33% of oil and gas trade receivable. LPG sales are sold under LPG sales and purchase agreement between Pangkah PSC to a single counter party, which represent approximately 5% of oil and gas trade receivable.

- (v) Financial assets credit quality

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:

Trade receivables from entities that do not have any external credit rating related to gas distribution with the amount of USD152 million have been guaranteed by bank guarantees that have a good credit rating. Other trade receivables consist of companies that do not have default payment.

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.



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KEUANGAN (lanjutan)

## MANAJEMEN RISIKO (lanjutan)

## a. Risiko kredit (lanjutan)

## (v) Kualitas kredit aset keuangan (lanjutan)

	<u>2017</u>	<u>2016</u>
<b>Kas pada bank</b>		
Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo)		
AAA	638,956,987	877,277,018
AA+	999,479	753,751
	<u>639,956,466</u>	<u>878,030,769</u>
Dengan pihak yang memiliki peringkat kredit eksternal (Fitch)		
AA-	2,939,465	3,367,425
A+	8,033,737	24,904,466
A	29,407,410	46,012,262
A-	836,576	-
	<u>41,217,188</u>	<u>74,284,153</u>
<b>Jumlah kas pada bank</b>	<u><b>681,173,654</b></u>	<u><b>952,314,922</b></u>
<b>Deposito jangka pendek</b>		
Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo)		
AAA	344,676,557	349,398,348
AA	-	2,253,358
	<u>344,676,557</u>	<u>351,651,706</u>
Tidak memiliki peringkat kredit eksternal	221,435	-
<b>Jumlah deposito jangka pendek</b>	<u><b>344,897,992</b></u>	<u><b>351,651,706</b></u>
<b>Investasi jangka pendek (Moody's)</b>		
Baa3	63,487,516	62,050,591
	<u>63,487,516</u>	<u>62,050,591</u>
<b>Investasi jangka pendek (Pefindo)</b>		
AAA	5,305,839	3,688,058
AA+	-	1,459,169
A-	-	-
BBB+	1,869,741	1,634,953
	<u>7,175,580</u>	<u>6,782,180</u>
<b>Jumlah investasi jangka pendek</b>	<u><b>70,663,096</b></u>	<u><b>68,832,771</b></u>

40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)

## RISK MANAGEMENT (continued)

## a. Credit risk (continued)

## (v) Financial assets credit quality (continued)

**Cash in banks**  
Counterparties with external credit rating (Pefindo)AAA  
AA+

## Counterparties with external credit rating (Fitch)

AAA  
A+  
A  
A-**Total cash in banks****Short-term time deposits**  
Counterparties with external credit rating (Pefindo)AAA  
AA

No external rating

**Total short term time deposits****Short-term investments (Moody's)**  
Baa3**Short-term investments (Pefindo)**AAA  
AA+  
A-  
BBB+**Total short-term investments**

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KEUANGAN (lanjutan)**

**MANAJEMEN RISIKO (lanjutan)**

**b. Risiko pasar**

Grup memiliki eksposur terhadap risiko pasar, yaitu risiko suku bunga dan risiko mata uang asing.

Risiko tingkat bunga arus kas adalah risiko dimana arus kas masa depan dari suatu instrumen keuangan berfluktuasi karena perubahan suku bunga pasar.

Grup memiliki pinjaman jangka pendek dan jangka panjang dengan bunga mengambang. Grup akan 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.

**(i) Risiko tingkat bunga**

Grup memiliki eksposur terhadap fluktuasi tingkat suku bunga pasar yang berlaku baik atas risiko nilai wajar maupun arus kas.

Tabel di bawah ini mengikhtisarkan eksposur nilai wajar instrumen keuangan Grup terhadap risiko tingkat bunga.

	2017			
	Bunga mengambang/ <i>Floating interest</i>			
	Lebih dari 1 bulan sampai dengan 3 bulan/ <i>Over 1 months up to 3 months</i>	Lebih dari 3 bulan sampai dengan 1 tahun/ <i>Over 3 months up to 1 year</i>	Lebih dari 1 tahun/ <i>Over 1 year</i>	
Pinjaman jangka panjang jatuh tempo dalam waktu satu tahun	-	3,987,687	-	<i>Short-term portion of long-term bank loans</i>
Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu satu tahun	-	-	36,008,069	<i>Long-term loans - net of current maturities</i>
<b>Total</b>	-	3,987,687	36,008,069	<b>Total</b>

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

**RISK MANAGEMENT (continued)**

**b. Market risk**

*The Group is exposed to market risk, in particular interest rate risk and foreign currency risk.*

*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.*

*The Group's short-term and long-term debt is charged with floating interest rates. Group will strictly monitor the market interest rate fluctuation and if the interest rate significantly increased, they will renegotiate the interest rate to the lenders.*

**(i) Interest rate risk**

*The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks.*

*The tables below summarise the Group's fair value exposure to interest rate risks.*

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KEUANGAN (lanjutan)

## MANAJEMEN RISIKO (lanjutan)

## b. Risiko pasar (lanjutan)

## (i) Risiko tingkat bunga (lanjutan)

	2016			
	Bunga mengambang/ <i>Floating interest</i>			
	Lebih dari 1 bulan sampai dengan 3 bulan/ <i>Over 1 months up to 3 months</i>	Lebih dari 3 bulan sampai dengan 1 tahun/ <i>Over 3 months up to 1 year</i>	Lebih dari 1 tahun/ <i>Over 1 year</i>	
Pinjaman bank jangka pendek	-	100,000,000	-	<i>Short-term bank loan</i>
Pinjaman jangka panjang jatuh tempo dalam waktu satu tahun	11,265,605	141,304,398	-	<i>Short-term portion of long-term bank loans</i>
Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu satu tahun	-	-	953,480,749	<i>Long-term loans - net of current maturities</i>
Total	<u>11,265,605</u>	<u>241,304,398</u>	<u>953,480,749</u>	<i>Total</i>

Analisis sensitivitas untuk risiko suku  
bunga

Pada tanggal 31 Desember 2017, 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 USD562.209, terutama sebagai akibat kenaikan/penurunan biaya dan pendapatan bunga atas pinjaman dan kas pada bank dengan tingkat bunga mengambang.

## (ii) Risiko mata uang asing

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 didominasi oleh mata uang asing sehingga pelemahan Dolar AS terhadap mata uang asing tersebut dapat secara negatif mempengaruhi pendapatan dan kinerja Grup.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)

## RISK MANAGEMENT (continued)

## b. Market risk (continued)

## (i) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

As of December 31, 2017, 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 year then ended would have been USD562,209 lower/higher, mainly as a result of higher/lower interest expense and income on loans and cash in bank with floating interest rates.

## (ii) Foreign exchange risk

Foreign exchange risk is the risk that arise from the changes of exchange rate of US Dollar as reporting currency against foreign currencies, especially Rupiah and Japanese Yen. Assets, liabilities and operational transactions of the Group are denominated in foreign currencies, therefore, weakening of US Dollar will influence revenue and financial performance of the Group.

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KEUANGAN (lanjutan)**

**MANAJEMEN RISIKO (lanjutan)**

**b. Risiko pasar (lanjutan)**

**(ii) Risiko mata uang asing (lanjutan)**

Risiko mata uang asing adalah risiko dimana nilai wajar dari arus kas masa depan instrumen keuangan akan berfluktuasi yang disebabkan perubahan nilai tukar mata uang asing. Dampak fluktuasi tingkat mata uang asing Grup terutama berasal dari Rupiah Indonesia dan Yen Jepang yang didenominasi dari piutang usaha, utang usaha dan pinjaman jangka panjang.

Untuk mengatur risiko mata uang asing, Perusahaan melakukan kontrak *cross currency swap*. Kontrak ini tidak dicatat sebagai transaksi lindung nilai, dimana perubahan atas nilai wajar akan masuk dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian tahun berjalan.

Grup mempunyai aset dan liabilitas moneter dalam mata uang asing pada tanggal 31 Desember 2017 disajikan pada Catatan 42.

Analisa sensitivitas untuk risiko mata uang asing

Pada tanggal 31 Desember 2017, 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 1%, 4% dan 2%.

Pada tanggal 31 Desember 2016, jika nilai tukar Dolar AS terhadap mata uang asing meningkat sebesar deviasi yang telah disebutkan diatas dengan semua variabel konstan, laba sebelum manfaat/(beban) pajak untuk tahun yang berakhir pada tanggal tersebut lebih tinggi sebesar USD11.221.797 (31 Desember 2016: USD13.220.370), terutama sebagai akibat kerugian/keuntungan translasi kas dan setara kas dan pinjaman dalam mata uang asing.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

**RISK MANAGEMENT (continued)**

**b. Market risk (continued)**

**(ii) Foreign exchange risk (continued)**

*Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to exchange rate fluctuations results primarily from Indonesian Rupiah and Japanese Yen which denominated from trade receivables, trade payables and long term loans.*

*To manage foreign exchange rate risks, the Company entered into cross currency swap contract. This contract is not accounted as as a hedge transaction, wherein the changes in the fair value are charged or credited directly to consolidated statement of profit or loss and other comprehensive income for the current year.*

*The Group had monetary assets and liabilities denominated in foreign currencies as of December 31, 2017 were presented in the Note 42.*

*Sensitivity analysis for foreign exchange risk*

*As of December 31, 2017, monetary assets and liabilities held by the Group are denominated in Indonesian Rupiah, Japanese Yen, and Singapore Dollar. The deviation for such currencies are 1%, 4%, and 2%, respectively.*

*As of December 31, 2017, 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 benefit/(expense) for the year ended would have been USD11,221,797 (December 31, 2016: USD13,220,370) higher, mainly as result of foreign exchange losses/gains on the translation of cash and cash equivalents and loans denominated in foreign currencies.*

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KEUANGAN (lanjutan)**

**MANAJEMEN RISIKO (lanjutan)**

b. Risiko pasar (lanjutan)

(ii) Risiko mata uang asing (lanjutan)

Analisa sensitivitas untuk risiko mata uang  
asing

Pada tanggal 31 Desember 2017, jika nilai tukar Dolar AS terhadap mata uang asing menurun sebesar deviasi yang telah disebutkan diatas dengan semua variabel konstan, laba sebelum manfaat/(beban) pajak untuk tahun yang berakhir pada tanggal tersebut lebih rendah sebesar USD12.147.911 (31 Desember 2016: USD14.487.091), terutama sebagai akibat kerugian/keuntungan translasi kas dan setara kas dan pinjaman dalam mata uang asing.

Grup mempunyai investasi dalam obligasi yang nilai wajarnya sangat terpengaruh dengan risiko harga pasar. Grup mengelola risiko ini dengan mendiversifikasikan ke beberapa investasi. Dewan Direksi melakukan reviu dan menyetujui setiap keputusan investasi jangka pendek.

(iii) Risiko harga

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.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

**RISK MANAGEMENT (continued)**

b. Market risk (continued)

(ii) Foreign exchange risk (continued)

Sensitivity analysis for foreign exchange  
risk

As of December 31, 2017, 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 benefit/(expense) for the year ended would have been USD12,147,911 (December 31, 2016: USD14,487,091) lower, mainly as result of foreign exchange losses/gains on the translation of cash and cash equivalents and loans denominated in foreign currencies.

The Group has investment in bonds which the fair value of these investments are affected by the market price risk. The Group manages this risk through diversification the investments. Board of Directors reviews and approves all short-term investments decision.

(iii) Price risk

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)**

**MANAJEMEN RISIKO (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)**

**RISK MANAGEMENT (continued)**

c. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due. Group evaluate and monitor 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 customer with one month credit term.

	2017				
	Sewaktu-waktu dan dalam waktu 1 tahun/ <i>On demand within 1 year</i>	Dalam waktu 1 tahun sampai dengan 5 tahun/ <i>Within 1-5 years</i>	Lebih dari 5 tahun/ <i>More than 5 Year</i>	Total/ <i>Total</i>	
<b>Liabilitas keuangan</b>					<b>Financial liabilities</b>
Utang usaha	95,181,079	-	-	95,181,079	Trade payables
Utang lain-lain	73,044,615	-	-	73,044,615	Other payables
Liabilitas yang masih harus dibayar	192,011,051	-	-	192,011,051	Accrued liabilities
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
<b>Total</b>	<b>487,091,376</b>	<b>617,173,188</b>	<b>2,346,759,238</b>	<b>3,451,023,802</b>	<b>Total</b>
	2016				
	Sewaktu-waktu dan dalam waktu 1 tahun/ <i>On demand within 1 year</i>	Dalam waktu 1 tahun sampai dengan 5 tahun/ <i>Within 1-5 years</i>	Lebih dari 5 tahun/ <i>More than 5 Year</i>	Total/ <i>Total</i>	
<b>Liabilitas keuangan</b>					<b>Financial liabilities</b>
Utang usaha	111,759,747	-	-	111,759,747	Trade payables
Utang lain-lain	107,408,420	-	-	107,408,420	Other payables
Liabilitas yang masih harus dibayar	231,197,395	-	-	231,197,395	Accrued liabilities
Pinjaman bank jangka pendek	102,622,980	-	-	102,622,980	Short-term bank loan
Pinjaman jangka panjang	192,980,272	1,135,351,175	317,938,757	1,646,270,204	Long-term loans
Utang obligasi	69,187,506	346,129,688	1,445,132,813	1,860,450,007	Bonds payable
Utang derivatif	-	8,828,746	-	8,828,746	Derivative payable
<b>Total</b>	<b>815,156,320</b>	<b>1,490,309,609</b>	<b>1,763,071,570</b>	<b>4,068,537,499</b>	<b>Total</b>

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KEUANGAN (lanjutan)

## MANAJEMEN RISIKO (lanjutan)

## d. Manajemen modal

Grup bertujuan mencapai struktur modal yang optimal untuk memenuhi tujuan usaha, diantaranya dengan mempertahankan rasio modal yang sehat dan maksimisasi 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 seperti rasio utang terhadap ekuitas dan *debt service ratio*. Tujuan Grup adalah mempertahankan rasio utang terhadap ekuitas sebesar maksimum 2,33 pada tanggal 31 Desember 2017.

Pada tanggal 31 Desember 2017 dan 2016, akun-akun Grup yang membentuk rasio utang terhadap ekuitas dan *debt service ratio* adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Pinjaman bank jangka pendek	-	100,000,000	Short-term bank loan
Pinjaman jangka panjang jatuh tempo dalam waktu satu tahun	22,857,361	170,987,760	Short-term portion of long-term bank loans
Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu satu tahun	413,732,667	1,296,315,710	Long-term loans - net of current maturities
Utang obligasi	<u>1,955,926,183</u>	<u>1,335,343,701</u>	Bond payables
<b>Total utang</b>	2,392,516,211	2,902,647,171	<b>Total debt</b>
<b>Total ekuitas</b>	<u>3,186,912,879</u>	<u>3,170,193,334</u>	<b>Total equity</b>
<b>Rasio utang terhadap ekuitas</b>	<u>0.75</u>	<u>0.91</u>	<b>Debt to equity ratio</b>

40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)

## RISK MANAGEMENT (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 maximizing 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 such as debt to equity ratio and debt service ratio. The Group's objectives are to maintain their debt to equity ratio at a maximum of 2.33 as of December 31, 2017.

As of December 31, 2017, and December 31, 2016, the Group's debt to equity ratio and debt service ratio accounts are as follows:

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## 41. INSTRUMEN KEUANGAN

## 41. FINANCIAL INSTRUMENTS

Tabel di bawah ini mengikhtisarkan nilai tercatat instrumen keuangan Grup yang dinyatakan dalam posisi keuangan konsolidasian 31 Desember 2017 dan 2016:

The tables sets forth the carrying values of the Group's financial instruments that are carried in the consolidated financial position as of December 31, 2017 and 2016:

	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
<b>2017</b>					
<b>Aset keuangan/Financial assets</b>					
Kas dan setara kas/ Cash and cash equivalents	1,026,328,911	1,026,328,911	-	-	-
Kas yang dibatasi penggunaannya/ Restricted cash	29,752,000	29,752,000	-	-	-
Investasi jangka pendek/ Short-term investments	70,663,096	-	70,663,096	-	-
Piutang usaha/Trade receivables	548,769,690	548,769,690	-	-	-
Piutang lain-lain/ Other receivables	189,639,392	189,639,392	-	-	-
Piutang lain-lain jangka panjang/ Other long-term receivables	227,946,810	227,946,810	-	-	-
<b>Total aset keuangan/ Total financial assets</b>	<b>2,093,099,899</b>	<b>2,022,436,803</b>	<b>70,663,096</b>	<b>-</b>	<b>-</b>
<b>Liabilitas keuangan/ Financial liabilities</b>					
Utang usaha/Trade payables	95,181,079	-	-	-	95,181,079
Utang lain-lain/Other payables	73,044,615	-	-	-	73,044,615
Liabilitas yang masih harus dibayar/ Accrued liabilities	192,011,051	-	-	-	192,011,051
Utang derivatif/Derivative payable	5,083,381	-	-	5,083,381	-
Bagian jangka pendek dari pinjaman jangka panjang/ Current portion of long-term bank borrowings	22,857,361	-	-	-	22,857,361
Pinjaman bank jangka panjang/ Long-term bank borrowings	413,732,667	-	-	-	413,732,667
Utang obligasi/Bonds payable	1,955,926,183	-	-	-	1,955,926,183
<b>Total liabilitas keuangan/ Total financial liabilities</b>	<b>2,757,836,337</b>	<b>-</b>	<b>-</b>	<b>5,083,381</b>	<b>2,752,752,956</b>



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**41. INSTRUMEN KEUANGAN (lanjutan)****41. FINANCIAL INSTRUMENTS (continued)**

	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/ <i>Fair value through profit or loss financial assets or liabilities</i>	Aset dan liabilitas keuangan lainnya/ Other financial assets and liabilities
<b>2016</b>					
<b>Aset keuangan/Financial assets</b>					
Kas dan setara kas/ <i>Cash and cash equivalents</i>	1,304,043,250	1,304,043,250	-	-	-
Investasi jangka pendek/ <i>Short-term investments</i>	68,832,771	-	68,832,771	-	-
Piutang usaha/ <i>Trade receivables</i>	543,806,803	543,806,803	-	-	-
Piutang lain-lain/ <i>Other receivables</i>	234,041,757	234,041,757	-	-	-
Piutang lain-lain jangka panjang/ <i>Other long-term receivables</i>	228,013,045	228,013,045	-	-	-
<b>Total aset keuangan/ Total financial assets</b>	<b>2,378,737,626</b>	<b>2,309,904,855</b>	<b>68,832,771</b>	<b>-</b>	<b>-</b>
<b>Liabilitas keuangan/ Financial liabilities</b>					
Utang usaha/ <i>Trade payables</i>	111,759,747	-	-	-	111,759,747
Utang lain-lain/ <i>Other payables</i>	107,408,420	-	-	-	107,408,420
Liabilitas yang masih harus dibayar/ <i>Accrued liabilities</i>	231,197,395	-	-	-	231,197,395
Utang derivatif/ <i>Derivative payable</i>	8,828,746	-	-	8,828,746	-
Pinjaman bank jangka pendek/ <i>Short-term bank borrowings</i>	100,000,000	-	-	-	100,000,000
Bagian jangka pendek dari pinjaman jangka panjang/ <i>Current portion of long-term bank borrowings</i>	170,987,760	-	-	-	170,987,760
Pinjaman bank jangka panjang/ <i>Long-term bank borrowings</i>	1,296,315,710	-	-	-	1,296,315,710
Utang obligasi/ <i>Bonds payable</i>	1,335,343,701	-	-	-	1,335,343,701
<b>Total liabilitas keuangan/ Total financial liabilities</b>	<b>3,361,841,479</b>	<b>-</b>	<b>-</b>	<b>8,828,746</b>	<b>3,353,012,733</b>

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, piutang usaha, dan piutang lain-lain.

Nilai tercatat seluruh aset keuangan di atas telah mendekati nilai wajar aset keuangan tersebut.

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, trade receivables, and other receivables.

All of the above financial assets carrying value approximate the fair value of the financial assets.

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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, pinjaman bank jangka pendek dan pinjaman jangka panjang.

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 derivatif

Nilai wajar dari 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, short-term bank loans and long-term loans.

*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

*Fair value of this financial 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 follow:*

- *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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## 6. Hirarki nilai wajar (lanjutan)

Aset dan liabilitas keuangan diklasifikasikan secara keseluruhan berdasarkan tingkat terendah dari masukan (*inputs*) yang signifikan terhadap pengukuran nilai wajar. Penilaian dampak signifikan dari suatu inputs tertentu terhadap pengukuran nilai wajar membutuhkan pertimbangan dan dapat mempengaruhi penilaian dari aset dan liabilitas yang diukur dan penempatannya dalam hirarki nilai wajar.

Bukti terbaik dari nilai wajar adalah harga yang dikuotasikan (*quoted prices*) dalam sebuah pasar yang aktif. Jika pasar untuk sebuah instrumen keuangan tidak aktif, entitas menetapkan nilai wajar dengan menggunakan metode penilaian. Tujuan dari penggunaan metode penilaian adalah untuk menetapkan harga transaksi yang terbentuk pada tanggal pengukuran dalam sebuah transaksi pertukaran yang wajar dengan pertimbangan bisnis normal.

Metode penilaian termasuk penggunaan harga dalam transaksi pasar yang wajar terakhir antara pihak-pihak yang memahami dan berkeinginan, jika tersedia, referensi kepada nilai wajar terkini dari instrumen lain yang secara substansial sama, analisa arus kas yang didiskontokan dan model harga opsi (*option pricing models*). Jika terdapat metode penilaian yang biasa digunakan oleh para peserta pasar untuk menentukan harga dari instrumen dan metode tersebut telah didemonstrasikan untuk menyediakan estimasi yang andal atas harga yang diperoleh dari transaksi pasar yang aktual, entitas harus menggunakan metode tersebut. Metode penilaian yang dipilih membuat penggunaan maksimum dari input pasar dan bergantung sedikit mungkin atas input yang spesifik untuk entitas (*entity-specific inputs*). Metode tersebut memperhitungkan semua faktor yang akan dipertimbangkan oleh peserta pasar dalam menentukan sebuah harga dan selaras dengan metode ekonomis untuk penilaian sebuah instrumen keuangan.

Secara berkala, Perusahaan menelaah metode penilaian dan mengujinya untuk validitas dengan menggunakan harga dari transaksi pasar terkini yang dapat diobservasi untuk instrumen yang sama (yaitu tanpa modifikasi dan pengemasan kembali) atau berdasarkan data pasar yang tersedia dan dapat diobservasi.

**41. FINANCIAL INSTRUMENTS (continued)**6. *Fair value hierarchy (continued)*

*Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The assessment of the significance of a particular input to the fair value measurements requires judgement, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.*

*The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.*

*Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.*

*Periodically, the Company calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on any available observable market data.*

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## 41. INSTRUMEN KEUANGAN (lanjutan)

## 41. FINANCIAL INSTRUMENTS (continued)

## 6. Hirarki nilai wajar (lanjutan)

## 6. Fair value hierarchy (continued)

Hirarki nilai wajar Perusahaan pada tanggal 31  
Desember 2017 adalah sebagai berikut:The Company's fair value hierarchy as of  
December 31, 2017 is as follows:

	2017			
	Total/Total	Harga pasar yang dikotasikan 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)
<b>Aset keuangan lancar/Current financial asset</b>				
Investasi jangka pendek/Short-term investments	70.663.096	70.663.096	-	-
<b>Total/Total</b>	<b>70.663.096</b>	<b>70.663.096</b>	<b>-</b>	<b>-</b>
<b>Liabilitas keuangan jangka panjang/Non-current financial liability</b>				
Utang derivatif/Derivative payable	5.083.381	-	-	5.083.381
<b>Total/Total</b>	<b>5.083.381</b>	<b>-</b>	<b>-</b>	<b>5.083.381</b>
	2016			
	Total/Total	Harga pasar yang dikotasikan 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)
<b>Aset keuangan lancar/Current financial asset</b>				
Investasi jangka pendek/Short-term investments	68.832.771	68.832.771	-	-
<b>Total/Total</b>	<b>68.832.771</b>	<b>68.832.771</b>	<b>-</b>	<b>-</b>
<b>Liabilitas keuangan jangka panjang/Non-current financial liability</b>				
Utang derivatif/Derivative payable	8.828.746	-	-	8.828.746
<b>Total/Total</b>	<b>8.828.746</b>	<b>-</b>	<b>-</b>	<b>8.828.746</b>

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UANG ASING

Pada tanggal 31 Desember 2017, aset dan liabilitas moneter Perusahaan dalam mata uang asing adalah sebagai berikut:

	<u>2017</u>	<u>2016</u>	
Aset dalam Rupiah			Assets in Rupiah
Kas dan setara kas	Rp 1,528,342,577,628	Rp 1,630,289,558,173	Cash and cash equivalents
Investasi jangka pendek	Rp 95,000,000,000	Rp 95,000,000,000	Short-term investment
Piutang usaha - neto	Rp 830,518,195,392	Rp 736,350,895,294	Trade receivables-net
Piutang lain-lain - neto	Rp 763,661,734,688	Rp 2,577,330,020,572	Other receivables-net
Taksiran tagihan pajak	Rp 1,040,212,730,400	Rp 181,809,260,872	Estimated claim for tax refund
Sub total	Rp 4,257,735,238,108	Rp 5,220,779,734,911	Sub-total
Aset dalam Yen Jepang			Assets in Japanese Yen
Kas dan setara kas	JPY 370,788,092	JPY 442,552,131	Cash and cash equivalents
Sub total	JPY 370,788,092	JPY 442,552,131	Sub-total
Aset dalam Dolar Singapura			Assets in Singapore Dollar
Kas dan setara kas	SGD 199,538	SGD 1,091,236	Cash and cash equivalents
Piutang lain-lain - neto	SGD 3,955	SGD 5,527	Other receivables-net
Sub total	SGD 203,493	SGD 1,096,763	Sub-total
<b>Ekuivalen Dolar AS</b>	<b>USD 643,642,793</b>	<b>USD 393,125,619</b>	<b>US Dollar equivalents</b>
Liabilitas dalam Rupiah			Liabilities in Rupiah
Utang lain-lain	Rp 486,612,619,976	Rp 555,154,333,474	Other payables
Liabilitas imbalan kerja jangka pendek	Rp 398,062,256,717	Rp 689,635,567,655	Short-term employee's benefits liabilities
Liabilitas yang masih harus dibayar	Rp 775,006,820,926	Rp 1,069,741,541,335	Accrued liabilities
Utang pajak	Rp 280,978,275,628	Rp 486,925,897,862	Taxes payable
Liabilitas imbalan kerja jangka panjang	Rp 1,463,031,476,616	Rp 1,267,965,007,356	Long-term employee's benefits liabilities
Sub total	Rp 3,403,691,449,863	Rp 4,069,422,347,682	Sub-total
Liabilitas dalam Yen Jepang			Liabilities in Japanese Yen
Liabilitas yang masih harus dibayar	JPY 145,893,596	JPY 151,614,914	Accrued liabilities
Pinjaman jangka panjang	JPY 42,164,627,000	JPY 42,164,627,000	Long-term loans
Sub total	JPY 42,310,520,596	JPY 42,316,241,914	Sub-total
<b>Ekuivalen Dolar AS</b>	<b>USD 37,795,541,805</b>	<b>USD 666,103,225</b>	<b>US Dollar equivalents</b>

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 dilindung nilai.

42. MONETARY ASSETS AND LIABILITIES  
DENOMINATED IN FOREIGN CURRENCIES

As of December 31, 2017, the Company's monetary assets and liabilities denominated in foreign currencies are as follows:

	<u>2017</u>	<u>2016</u>	
Aset dalam Rupiah			Assets in Rupiah
Kas dan setara kas	Rp 1,528,342,577,628	Rp 1,630,289,558,173	Cash and cash equivalents
Investasi jangka pendek	Rp 95,000,000,000	Rp 95,000,000,000	Short-term investment
Piutang usaha - neto	Rp 830,518,195,392	Rp 736,350,895,294	Trade receivables-net
Piutang lain-lain - neto	Rp 763,661,734,688	Rp 2,577,330,020,572	Other receivables-net
Taksiran tagihan pajak	Rp 1,040,212,730,400	Rp 181,809,260,872	Estimated claim for tax refund
Sub total	Rp 4,257,735,238,108	Rp 5,220,779,734,911	Sub-total
Aset dalam Yen Jepang			Assets in Japanese Yen
Kas dan setara kas	JPY 370,788,092	JPY 442,552,131	Cash and cash equivalents
Sub total	JPY 370,788,092	JPY 442,552,131	Sub-total
Aset dalam Dolar Singapura			Assets in Singapore Dollar
Kas dan setara kas	SGD 199,538	SGD 1,091,236	Cash and cash equivalents
Piutang lain-lain - neto	SGD 3,955	SGD 5,527	Other receivables-net
Sub total	SGD 203,493	SGD 1,096,763	Sub-total
<b>Ekuivalen Dolar AS</b>	<b>USD 643,642,793</b>	<b>USD 393,125,619</b>	<b>US Dollar equivalents</b>
Liabilitas dalam Rupiah			Liabilities in Rupiah
Utang lain-lain	Rp 486,612,619,976	Rp 555,154,333,474	Other payables
Liabilitas imbalan kerja jangka pendek	Rp 398,062,256,717	Rp 689,635,567,655	Short-term employee's benefits liabilities
Liabilitas yang masih harus dibayar	Rp 775,006,820,926	Rp 1,069,741,541,335	Accrued liabilities
Utang pajak	Rp 280,978,275,628	Rp 486,925,897,862	Taxes payable
Liabilitas imbalan kerja jangka panjang	Rp 1,463,031,476,616	Rp 1,267,965,007,356	Long-term employee's benefits liabilities
Sub total	Rp 3,403,691,449,863	Rp 4,069,422,347,682	Sub-total
Liabilitas dalam Yen Jepang			Liabilities in Japanese Yen
Liabilitas yang masih harus dibayar	JPY 145,893,596	JPY 151,614,914	Accrued liabilities
Pinjaman jangka panjang	JPY 42,164,627,000	JPY 42,164,627,000	Long-term loans
Sub total	JPY 42,310,520,596	JPY 42,316,241,914	Sub-total
<b>Ekuivalen Dolar AS</b>	<b>USD 37,795,541,805</b>	<b>USD 666,103,225</b>	<b>US Dollar equivalents</b>

Most purchases of gas in US Dollar are also sold in US Dollar, thus naturally hedging the related foreign currency exposures. Currently, liabilities denominated in foreign currency arising from financing activities are not hedged.

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**42. ASET DAN LIABILITAS MONETER DALAM MATA  
UANG ASING (lanjutan)**

Apabila aset dan liabilitas dalam mata uang selain Dolar AS pada tanggal 31 Desember 2017 dijabarkan dengan menggunakan kurs yang berlaku pada tanggal laporan posisi keuangan konsolidasian, aset moneter neto akan turun sekitar USD20.750.340.

**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. Segmen distribusi gas

Segmen distribusi gas melakukan kegiatan usaha utama Perusahaan dalam mendistribusikan gas yang dibeli dari supplier gas dan menyalurkannya kepada pelanggan industri, komersial dan rumah tangga.

2. Segmen transmisi gas

Segmen transmisi gas melakukan kegiatan usaha dalam menyalurkan gas untuk pelanggan industri.

3. Segmen 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.

4. Segmen operasi lainnya

Segmen operasional lainnya terkait dengan pengolahan *liquefied natural gas*, jasa sewa fiber optik untuk penyediaan jaringan dan jasa konstruksi dan perbaikan kepada pelanggan serta pengelolaan dan penyewaan gedung dan peralatan.

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.

**42. MONETARY ASSETS AND LIABILITIES  
DENOMINATED IN FOREIGN CURRENCIES  
(continued)**

*If assets and liabilities in currencies other than US Dollars as at December 31, 2017 are translated using the exchange rate as at the date of the consolidated statement of financial position, the total net monetary assets will decrease by approximately USD20,750,340.*

**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 segment

*Gas distribution segment is mainly involved in gas distribution purchased from gas suppliers and then supplies to the industrial, commercial and household customers.*

2. Gas transmission segment

*Gas transmission segment mainly involved in gas transmission for customers.*

3. 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.*

4. Other operations segment

*Other operations segment provides processing of liquefied natural gas, fiber optic rental for network services and constructions and maintenance services to the customers and management and leasing buildings and equipment.*

*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.*

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## 43. INFORMASI SEGMENT USAHA (lanjutan)

Tabel berikut menyajikan informasi pendapatan dan laba dan aset dan liabilitas tertentu sehubungan dengan segmen operasi Grup.

## 43. SEGMENT INFORMATION (continued)

The following table represent revenue and profit, and certain asset and liability information regarding the Group's operating segments.

	2017				Konsolidasian/ Consolidation	
	Distribusi/ Distribution	Transmisi/ Transmission	Eksplorasi dan produksi minyak dan gas/ Exploration and production of oil and gas	Operasi lainnya/ Other operation		
<b>PENDAPATAN NETO</b>						<b>NET REVENUES</b>
Pendapatan	2,495,067,977	2,499,861	472,857,674	381,864,010	3,352,289,522	Revenues
Eliminasi penjualan	(185,902,086)	-	-	(196,795,625)	(382,697,711)	Revenues elimination
Pendapatan neto	<u>2,309,165,891</u>	<u>2,499,861</u>	<u>472,857,674</u>	<u>185,068,385</u>	<u>2,969,591,811</u>	Net revenues
<b>Beban segmen</b>						<b>Segment expenses</b>
Beban pokok pendapatan	1,731,767,041	-	443,770,219	104,750,951	2,280,288,211	Cost of revenues
Eliminasi beban pokok pendapatan	(100,982,779)	-	-	(6,945,425)	(107,928,204)	Cost of revenues elimination
Biaya gaji upah dan tunjangan	16,117,960	1,846,779	2,398,017	14,800,305	35,163,061	Salaries and employees' benefits
Biaya pemeliharaan	46,763,513	28,953,527	237,587	13,571,756	89,526,383	Repairs and maintenance
Eliminasi biaya pemeliharaan	(55,362,848)	(13,840,712)	-	-	(69,203,560)	Expenses elimination
Biaya penyusutan	117,193,320	50,329,080	-	2,043,070	169,565,470	Depreciation
Lain-lain	10,583,477	17,391,452	8,135,972	154,659,017	190,769,918	Others
Eliminasi biaya lain-lain	(3,094,586)	(14,443,690)	-	(45,617,312)	(63,155,588)	Other expenses elimination
Jumlah beban segmen	<u>1,762,985,098</u>	<u>70,236,436</u>	<u>454,541,795</u>	<u>237,262,362</u>	<u>2,525,025,691</u>	Total segment expenses
<b>Laba segmen</b>	<u>546,180,793</u>	<u>(67,736,575)</u>	<u>18,315,879</u>	<u>(52,193,977)</u>	<u>444,566,120</u>	<b>Segment profit</b>
Beban Perusahaan dan entitas anak yang tidak dapat dialokasikan					(86,954,041)	Unallocated expenses of the Company and subsidiaries
Pendapatan lain-lain					36,872,991	Others income
Beban lain-lain					(24,463,130)	Others expense
Penurunan nilai properti minyak dan gas					<u>6,994,544</u>	Impairment losses of oil and gas properties
<b>Laba operasi</b>					<u>377,016,484</u>	<b>Operating income</b>
<b>INFORMASI LAINNYA</b>						<b>OTHER INFORMATION</b>
Aset segmen	925,888,835	489,811,960	2,619,937,631	814,943,003	4,850,581,429	Segment assets
Aset Perusahaan dan entitas anak yang tidak dapat dialokasikan					1,584,957,921	Unallocated assets of the Company and subsidiaries
Eliminasi aset					(142,410,359)	Assets elimination
<b>Total aset yang dikonsolidasikan</b>					<u>6,293,128,991</u>	<b>Total consolidated assets</b>
Liabilitas segmen	8,908,565	189	213,207,221	81,234,136	303,350,111	Segment Liabilities
Liabilitas Perusahaan dan entitas anak yang tidak dapat dialokasikan					<u>2,802,865,999</u>	Unallocated liabilities of the Company and subsidiaries
<b>Total liabilitas yang dikonsolidasikan</b>					<u>3,106,216,110</u>	<b>Total consolidated liabilities</b>
<b>Pengeluaran modal</b>	<u>6,901,033</u>	<u>3,560</u>	<u>153,593,199</u>	<u>70,699,621</u>	<u>231,197,413</u>	<b>Capital expenditures</b>

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**43. INFORMASI SEGMENT USAHA (lanjutan)**

**43. SEGMENT INFORMATION (continued)**

	2016				Konsolidasian/ Consolidation	
	Distribusi/ Distribution	Transmisi/ Transmission	Eksplorasi dan produksi minyak dan gas/ Exploration and production of oil and gas	Operasi lainnya/ Other operation		
<b>PENDAPATAN NETO</b>						<b>NET REVENUES</b>
Pendapatan	2,659,749,821	8,100,319	314,114,961	477,237,075	3,459,202,176	Revenues
Eliminasi penjualan	<u>(120,305,035)</u>	-	-	<u>(404,118,431)</u>	<u>(524,423,466)</u>	Revenues elimination
Pendapatan neto	<u>2,539,444,786</u>	<u>8,100,319</u>	<u>314,114,961</u>	<u>73,118,644</u>	<u>(2,934,778,710)</u>	Net revenues
<b>Beban segmen</b>						<b>Segment expenses</b>
Beban pokok pendapatan	1,882,123,453	-	302,703,854	205,180,524	2,390,007,831	Cost of revenues
Eliminasi beban pokok pendapatan	<u>(329,009,782)</u>	-	-	<u>(13,159,278)</u>	<u>(342,169,060)</u>	Cost of revenues elimination
Biaya gaji, upah dan tunjangan	24,462,178	1,908,605	2,061,004	16,093,708	44,525,495	Salaries and employees' benefits
Biaya pemeliharaan	46,854,694	28,299,112	96,486	1,608,347	76,858,639	Repairs and maintenance
Eliminasi biaya pemeliharaan	<u>(41,722,760)</u>	<u>(10,390,617)</u>	-	-	<u>(52,113,377)</u>	Expenses elimination
Biaya penyusutan	50,503,301	64,674,286	8,770	4,131,796	119,318,153	Depreciation
Lain-lain	23,863,887	14,999,365	8,650,864	160,646,460	208,160,576	Others
Eliminasi biaya lain-lain	<u>(1,291,926)</u>	<u>(12,429,447)</u>	-	<u>(51,577,086)</u>	<u>(65,298,459)</u>	Other expenses elimination
Jumlah beban segmen	<u>1,655,783,045</u>	<u>87,061,304</u>	<u>313,520,978</u>	<u>322,924,471</u>	<u>2,379,289,798</u>	Total segment expenses
<b>Laba segmen</b>	<u>883,661,741</u>	<u>(78,960,985)</u>	<u>593,983</u>	<u>(249,805,827)</u>	<u>555,488,912</u>	<b>Segment profit</b>
Beban Perusahaan dan entitas anak yang tidak dapat dialokasikan					(122,953,769)	Unallocated expenses of the Company and subsidiaries
Pendapatan lain-lain					62,126,336	Others income
Beban lain-lain					(13,217,928)	Others expense
Penurunan nilai properti minyak dan gas					<u>(37,201,328)</u>	Impairment losses of oil and gas properties
<b>Laba operasi</b>					<u>444,242,223</u>	<b>Operating income</b>
<b>INFORMASI LAINNYA</b>						<b>OTHER INFORMATION</b>
Aset segmen	675,813,672	548,821,961	2,669,652,979	930,283,350	4,824,571,962	Segment assets
Aset Perusahaan dan entitas anak yang tidak dapat dialokasikan					2,074,423,576	Unallocated assets of the Company and subsidiaries
Eliminasi aset					<u>(64,842,570)</u>	Assets elimination
<b>Total aset yang dikonsolidasikan</b>					<u>6,834,152,968</u>	<b>Total consolidated assets</b>
Liabilitas segmen	18,330,434	659,666	327,193,241	86,871,174	433,054,515	Segment liabilities
Liabilitas Perusahaan dan entitas anak yang tidak dapat dialokasikan					<u>3,230,905,119</u>	Unallocated liabilities of the Company and subsidiaries
<b>Total liabilitas yang dikonsolidasikan</b>					<u>3,663,959,634</u>	<b>Total consolidated liabilities</b>
<b>Pengeluaran modal</b>	<u>8,992,124</u>	<u>10,438,397</u>	<u>299,005,956</u>	<u>114,808,895</u>	<u>433,245,372</u>	<b>Capital expenditures</b>



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## 43. INFORMASI SEGMENT USAHA (lanjutan)

Informasi konsolidasi menurut segmen usaha  
adalah sebagai berikut:

## 43. SEGMENT INFORMATION (continued)

Consolidated information based on business  
segment is as follows:

Uraian/Descriptions	Pendapatan neto/ Net revenues	Nilai tercatat aset segmen/ Carrying value of segment assets	Penambahan aset tetap dan properti minyak dan gas/Additions to fixed assets and oil and gas Properties
<b>2017</b>			
Perusahaan	2,367,356,503	1,337,903,819	65,211,994
PGASKOM	13,420,678	31,528,562	1,954,794
PGASSOL	20,142,782	99,362,963	1,377,452
SEI	472,857,674	2,619,017,151	153,593,199
GEI	39,842,972	77,796,976	5,883,069
PLI	-	394,510,099	286,958
PGN Property	55,971,202	289,541,379	2,889,947
<b>Total/Total</b>	<b>2,969,591,811</b>	<b>4,849,660,949</b>	<b>231,197,413</b>
<b>2016</b>			
Perusahaan	2,506,882,627	1,149,764,780	117,940,782
PGASKOM	9,866,587	27,033,017	4,962,199
PGASSOL	589,756	121,832,626	600,951
SEI	314,114,961	2,669,652,979	299,005,956
GEI	40,662,480	74,870,852	8,678,479
PLI	-	392,973,818	124,943
PGN Property	62,662,299	323,601,320	1,932,062
<b>Total/Total</b>	<b>2,934,778,710</b>	<b>4,759,729,392</b>	<b>433,245,372</b>

Informasi konsolidasi menurut lokasi geografis  
usaha adalah sebagai berikut:Consolidated information based on business  
geographical segment is as follows:

	2017	2016	
Domestik	2,867,442,087	2,896,088,589	Domestic
Amerika Serikat	46,385,051	30,679,335	United States of America
Singapura	23,844,792	-	Singapore
Taiwan	22,005,958	3,450,733	Taiwan
Korea	9,913,923	4,560,053	Korea
<b>Total</b>	<b>2,969,591,811</b>	<b>2,934,778,710</b>	<b>Total</b>

## 44. TRANSAKSI NON KAS

## 44. NON-CASH TRANSACTION

	2017	2016	
Penambahan properti minyak dan gas melalui utang, provisi pembongkaran aset dan restorasi area dan liabilitas yang masih harus dibayar	11,030,310	21,824,732	Addition of oil and gas properties through payable and abandonment and site restoration and accruals
Perolehan aset tetap melalui utang	17,578,386	47,433,022	Acquisition of fixed assets through payables

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FINANCIAL STATEMENTS****DECEMBER 31, 2017 AND 2016***(Expressed in United States Dollar,  
unless otherwise stated)***45. INFORMASI KEUANGAN TAMBAHAN**

Informasi keuangan tambahan setelah halaman ini adalah informasi keuangan PT Perusahaan Gas Negara (Persero) Tbk (entitas induk saja) pada dan untuk tahun yang berakhir 31 Desember 2017 dan 2016, 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.

**45. SUPPLEMENTARY FINANCIAL INFORMATION**

*The supplementary financial information after this page represents financial information of PT Perusahaan Gas Negara (Persero) Tbk (parent entity only) as at and for the year December 31, 2017 and 2016, 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 entity method.*

## INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLY

## LAPORAN POSISI KEUANGAN

31 DESEMBER 2017 DAN 2016

(Dinyatakan dalam Dolar Amerika Serikat,  
kecuali nilai nominal dan data saham)

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

(Expressed in United States Dollar,  
except par value and share data)

	<u>2017</u>	<u>2016</u>	
<b>ASET LANCAR</b>			<b>CURRENT ASSETS</b>
Kas dan setara kas	645,637,453	911,802,125	Cash and cash equivalents
Investasi jangka pendek	70,663,096	68,832,771	Short-term investments
Piutang usaha	199,081,344	212,979,896	Trade receivables
Piutang lain-lain	12,376,719	8,463,958	Other receivables
Pinjaman kepada entitas anak	72,917,567	72,917,567	Loan provided to subsidiaries
Piutang dari entitas anak	34,490,510	35,612,697	Receivable from subsidiaries
Persediaan	1,670,212	1,865,332	Inventories
Uang muka	25,562,099	77,279,897	Advances
Beban dibayar di muka	<u>14,630,050</u>	<u>231,070</u>	Prepaid expenses
Total aset lancar	<u>1,077,029,050</u>	<u>1,389,985,313</u>	Total current assets
<b>ASET TIDAK LANCAR</b>			<b>NON-CURRENT ASSETS</b>
Uang muka, bagian tidak lancar	41,907,478	60,507,887	Advances, non-current portion
Pinjaman kepada entitas anak	864,749,685	864,749,685	Loan provided to subsidiaries
Pinjaman kepada entitas anak tidak langsung	155,313,701	206,000,000	Loan provided to indirect subsidiary
Penyertaan saham	1,663,785,699	1,646,281,893	Investment in shares of stock
Aset tetap	1,449,288,870	1,572,438,971	Fixed assets
Goodwill dan aset tak berwujud lainnya	4,007,182	4,366,878	Goodwill and other intangible assets
Taksiran tagihan pajak	67,659,868	18,088,599	Estimated claims for tax refund
Aset pajak tangguhan	21,817,579	22,660,387	Deferred tax assets
Lain-lain	<u>3,908,483</u>	<u>4,471,736</u>	Others
Total aset tidak lancar	<u>4,272,438,545</u>	<u>4,399,566,036</u>	Total non-current assets
<b>TOTAL ASET</b>	<b><u>5,349,467,595</u></b>	<b><u>5,789,551,349</u></b>	<b>TOTAL ASSETS</b>
<b>LIABILITAS JANGKA PENDEK</b>			<b>SHORT-TERM LIABILITIES</b>
Utang usaha	91,823,080	109,209,882	Trade payables
Utang lain-lain	23,685,762	23,160,095	Other payables
Liabilitas yang masih harus dibayar	15,519,524	55,443,236	Accrued liabilities
Bagian jangka pendek dari pinjaman bank jangka panjang	22,857,361	170,987,760	Short-term portion of long-term bank loans
Utang pajak	13,942,341	9,624,559	Taxes payable
Liabilitas imbalan kerja jangka pendek	26,289,655	41,588,260	Short-term employee benefits liabilities
Utang kepada entitas anak	<u>129,078,385</u>	<u>52,484,673</u>	Payable to subsidiaries
Total liabilitas jangka pendek	<u>323,196,108</u>	<u>462,498,465</u>	Total current liabilities
<b>LIABILITAS JANGKA PANJANG</b>			<b>LONG-TERM LIABILITIES</b>
Utang derivatif	5,083,381	8,828,746	Derivative payable
Pinjaman bank jangka panjang	389,049,567	801,502,663	Long-term bank loans
Utang obligasi	1,337,012,236	1,335,343,701	Bonds payables
Liabilitas imbalan pascakerja	97,897,663	87,036,228	Post-employment benefits obligation
Pendapatan diterima di muka	<u>2,576,025</u>	<u>2,776,712</u>	Unearned income
Total liabilitas jangka panjang	<u>1,831,618,872</u>	<u>2,235,488,050</u>	Total non-current liabilities
<b>TOTAL LIABILITAS</b>	<b><u>2,154,814,980</u></b>	<b><u>2,697,986,515</u></b>	<b>TOTAL LIABILITIES</b>

## INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLYLAPORAN POSISI KEUANGAN  
31 DESEMBER 2017 DAN 2016(Dinyatakan dalam Dolar Amerika Serikat,  
kecuali nilai nominal dan data saham)STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016(Expressed in United States Dollar,  
except par value and share data)

	<u>2017</u>	<u>2016</u>	
<b>EKUITAS</b>			<b>EQUITY</b>
<b>Ekuitas yang dapat diatribusikan kepada pemilik entitas induk</b>			<b>Equity attributable to owners of the parent</b>
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>
Saham treasuri	-	-	<i>Treasury stocks</i>
Modal disetor lainnya	284,339,313	284,339,313	<i>Other paid-in capital</i>
Saldo laba			<i>Retained earnings</i>
- Dicadangkan	2,427,854,335	2,576,863,352	<i>Appropriated -</i>
- Tidak dicadangkan	148,563,145	(102,553,178)	<i>Unappropriated -</i>
Komponen ekuitas lainnya	(10,123,009)	(11,103,484)	<i>Other components of equity</i>
<b>TOTAL EKUITAS</b>	<b><u>3,194,652,615</u></b>	<b><u>3,091,564,834</u></b>	<b>TOTAL EQUITY</b>
<b>TOTAL LIABILITAS DAN EKUITAS</b>	<b><u>5,349,467,595</u></b>	<b><u>5,789,551,349</u></b>	<b>TOTAL LIABILITIES AND EQUITY</b>

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PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLYLAPORAN LABA RUGI DAN PENGHASILAN  
KOMPREHENSIF LAIN  
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA  
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(Disajikan dalam Dolar Amerika Serikat)STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
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	<u>2017</u>	<u>2016</u>	
<b>PENDAPATAN NETO</b>	2,367,356,503	2,506,882,625	<b>NET REVENUES</b>
<b>BEBAN POKOK PENDAPATAN</b>	<u>(1,612,334,020)</u>	<u>(1,739,452,795)</u>	<b>COST OF REVENUES</b>
<b>LABA BRUTO</b>	<u><b>755,022,483</b></u>	<u><b>767,429,830</b></u>	<b>GROSS PROFIT</b>
Beban distribusi dan transmisi	(381,997,804)	(245,450,470)	<i>Distribution and transmission expense</i>
Beban administrasi dan umum	(127,837,868)	(158,314,632)	<i>General and administrative expense</i>
Beban lain-lain	(6,939,396)	(6,630,951)	<i>Others expenses</i>
Pendapatan lain-lain	<u>23,942,418</u>	<u>50,949,724</u>	<i>Other income</i>
<b>LABA OPERASI</b>	<u><b>262,189,833</b></u>	<u><b>407,983,501</b></u>	<b>OPERATING INCOME</b>
Beban keuangan	(102,703,435)	(112,385,789)	<i>Finance cost</i>
Pendapatan keuangan	59,681,835	62,199,459	<i>Finance income</i>
(Rugi)/laba selisih kurs	(5,286,967)	(6,065,429)	<i>(Loss)/gain on foreign exchange</i>
(Rugi)/laba perubahan nilai wajar derivatif	(2,660,198)	(4,526,823)	<i>(Loss)/gain on change in fair value of derivatives</i>
Pendapatan dividen	<u>80,446,589</u>	<u>83,604,196</u>	<i>Dividend income</i>
<b>LABA SEBELUM BEBAN PAJAK PENGHASILAN</b>	<u><b>291,667,657</b></u>	<u><b>430,809,115</b></u>	<b>PROFIT BEFORE INCOME TAX EXPENSE</b>
<b>BEBAN PAJAK PENGHASILAN</b>			<b>INCOME TAX EXPENSE</b>
Kini	(51,172,452)	(79,525,475)	<i>Current</i>
Tangguhan	<u>(1,667,975)</u>	<u>(3,800,408)</u>	<i>Deferred</i>
Beban pajak penghasilan	<u>(52,840,427)</u>	<u>(83,325,883)</u>	<i>Income tax expenses</i>
<b>LABA TAHUN BERJALAN</b>	<u><b>238,827,230</b></u>	<u><b>347,483,232</b></u>	<b>PROFIT FOR THE YEAR</b>
<b>PENGHASILAN KOMPREHENSIF LAIN</b>			<b>OTHER COMPREHENSIVE INCOME</b>
<b>Pos-pos yang tidak akan direklasifikasi ke laba rugi</b>			<b>Item that will not be reclassified to profit or loss</b>
Pengukuran kembali liabilitas imbalan pascakerja	(1,677,898)	1,040,225	<i>Remeasurement of post-employment obligation</i>
Pajak penghasilan terkait	<u>825,193</u>	<u>915,226</u>	<i>Related income tax</i>
	<u>(852,705)</u>	<u>1,955,451</u>	
<b>Pos-pos yang akan direklasifikasikan ke laba rugi</b>			<b>Items that will be reclassified to profit or loss</b>
Keuntungan/(kerugian) aktuarial	-	-	<i>Actuarial gain/(loss)</i>
Perubahan nilai wajar aset keuangan tersedia untuk dijual	<u>1,833,180</u>	<u>3,921,377</u>	<i>Changes in fair value of available-for-sale financial assets</i>
<b>JUMLAH PENGHASILAN KOMPREHENSIF LAIN</b>	<u>980,475</u>	<u>5,876,828</u>	<b>TOTAL OTHER COMPREHENSIVE INCOME</b>
<b>TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN</b>	<u><b>239,807,705</b></u>	<u><b>353,360,060</b></u>	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>

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UNTUK TAHUN-TAHUN YANG BERAKHIR  
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(Dinyatakan dalam Dolar Amerika Serikat)STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED  
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	Modal saham/ Share capital	Saham treasury/ Treasury stocks	Modal disetor lainnya/ Other paid-in capital	Perubahan nilai wajar aset keuangan tersedia untuk dijual/ Changes in fair value of available- for-sale financial assets	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
<b>Saldo 1 Januari 2016</b>	344,018,831	(251,054)	284,339,313	(1,892,572)	(15,087,740)	(16,980,312)	2,343,765,419	(48,836,530)	2,906,055,667
Penjualan saham treasuri	-	251,054	-	-	-	-	-	-	251,054
Laba bersih untuk tahun berjalan	-	-	-	-	-	-	-	347,483,232	347,483,232
Pembayaran dividen	-	-	-	-	-	-	-	(188,101,947)	(188,101,947)
Penyisihan cadangan umum	-	-	-	-	-	-	233,097,933	(233,097,933)	-
Pendapatan komprehensif tahun berjalan	-	-	-	3,921,377	1,955,451	5,876,828	-	-	5,876,828
<b>Saldo 31 Desember 2016</b>	344,018,831	-	284,339,313	2,028,805	(13,132,289)	(11,103,484)	2,576,565,352	(102,553,178)	3,091,564,834
Penjualan saham treasuri	-	-	-	-	-	-	-	-	-
Laba bersih untuk tahun berjalan	-	-	-	-	-	-	-	238,827,230	238,827,230
Pembayaran dividen	-	-	-	-	-	-	-	(136,719,924)	(136,719,924)
Penyisihan cadangan umum	-	-	-	-	-	-	167,604,497	(167,604,497)	-
Pendapatan komprehensif tahun berjalan	-	-	-	1,833,180	(852,705)	980,475	(316,613,514)	316,613,514	980,475
<b>Saldo 31 Desember 2017</b>	344,018,831	-	284,339,313	3,861,985	(13,984,954)	(10,123,009)	2,427,554,335	148,563,145	3,194,652,615

**Balance at January 1, 2016**  
Sale of treasury stocks  
Net income for the year  
Payment of dividends  
General reserve  
Other comprehensive income for the year

**Balance at December 31, 2016**  
Sale of treasury stocks  
Net income for the year  
Payment of dividends  
General reserve  
Other comprehensive income for the year

**Balance at December 31, 2017**

## INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLYLAPORAN ARUS KAS  
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA  
31 DESEMBER 2017 DAN 2016  
(Disajikan dalam Dolar Amerika Serikat)STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED  
DECEMBER 31, 2017 AND 2016  
(Expressed in United States Dollar)

	<u>2017</u>	<u>2016</u>	
<b>ARUS KAS DARI AKTIVITAS OPERASI</b>			<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>
Penerimaan dari pelanggan	2,382,377,242	2,520,128,717	<i>Receipts from customers</i>
Penerimaan dari penghasilan bunga	59,681,835	65,547,129	<i>Receipts from interest income</i>
Pembayaran kepada pemasok	(1,559,207,495)	(1,670,242,109)	<i>Payments to suppliers</i>
Pembayaran pajak penghasilan setelah dikurangi penerimaan dari tagihan pajak	(97,251,106)	(96,181,077)	<i>Payments for income taxes net of the receipts from claims for tax refund</i>
Pembayaran untuk beban usaha dan aktivitas operasi lainnya	(219,876,865)	(154,992,590)	<i>Payments for operating expenses and other operating activities</i>
Pembayaran beban keuangan	(102,703,435)	(109,647,797)	<i>Payments for finance cost</i>
Pembayaran kepada karyawan	(62,799,839)	(72,808,015)	<i>Payments to employees</i>
<b>Kas neto yang diperoleh dari aktivitas operasi</b>	<b><u>400,220,337</u></b>	<b><u>481,804,258</u></b>	<b>Net cash provided by operating activities</b>
<b>ARUS KAS DARI AKTIVITASI INVESTASI</b>			<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>
Penerimaan dividen dari anak perusahaan dan ventura bersama	80,446,589	83,604,196	<i>Dividends received from subsidiaries and joint ventures</i>
Penambahan penyertaan saham	-	(45,963,021)	<i>Additions of shares</i>
Penambahan aset tetap	(89,340,633)	(116,751,752)	<i>Additions to fixed assets</i>
Pelunasan pinjaman pemegang saham dari anak perusahaan	50,686,299	63,628,929	<i>Receipt of shareholder loan from subsidiaries</i>
<b>Kas neto yang digunakan untuk aktivitas investasi</b>	<b><u>41,792,255</u></b>	<b><u>(15,481,648)</u></b>	<b>Net cash used in investing activities</b>
<b>ARUS KAS DARI AKTIVITAS PENDANAAN</b>			<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>
Penjualan saham treasury	-	251,054	<i>Sales of treasury stock</i>
Pembayaran utang derivatif	(6,405,563)	(7,028,827)	<i>Payments of derivative liabilities</i>
Pembayaran pinjaman jangka panjang	(558,914,960)	(107,656,187)	<i>Payments of long-term loans</i>
Pembayaran dividen kepada pemilik entitas induk	(136,719,924)	(166,655,254)	<i>Payments of dividend to owners of the parent entity</i>
<b>Kas neto yang (digunakan untuk)/ diperoleh dari aktivitas pendanaan</b>	<b><u>(702,040,447)</u></b>	<b><u>(281,089,214)</u></b>	<b>Net cash (used in)/provided by financing activities</b>
Pengaruh perubahan kurs	(6,136,817)	(6,774,876)	<i>Foreign exchange impact</i>
<b>KENAIKAN NETO KAS DAN SETARA KAS</b>	<b><u>(266,164,672)</u></b>	<b><u>178,458,520</u></b>	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>
<b>KAS DAN SETARA KAS AWAL TAHUN</b>	<b><u>911,802,125</u></b>	<b><u>733,343,605</u></b>	<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>
<b>KAS DAN SETARA KAS AKHIR TAHUN</b>	<b><u>645,637,453</u></b>	<b><u>911,802,125</u></b>	<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>

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**INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION**


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**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLY**
**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA  
31 DESEMBER 2017 DAN 2016**

(Disajikan dalam Dolar Amerika Serikat,  
Kecuali dinyatakan lain)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2017 AND 2016**

(Expressed in United States Dollar,  
unless otherwise stated)

**45. 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, memperkenankan 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 2017 dan 2016.

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.

**45. 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, 2017 and 2016.*

*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.*



## INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLYCATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA  
31 DESEMBER 2017 DAN 2016(Disajikan dalam Dolar Amerika Serikat,  
Kecuali dinyatakan lain)NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2017 AND 2016(Expressed in United States Dollar,  
unless otherwise stated)

## 45. INFORMASI KEUANGAN TAMBAHAN (lanjutan)

45. 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 2017 dan 2016, entitas induk memiliki penyertaan saham pada entitas anak, ventura bersama dan entitas asosiasi berikut:

As of December 31, 2017 and 2016, 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	2017			Nilai tercatat 31 Des 2017/ Carrying value Dec 31, 2017
		Biaya perolehan 1 Jan 2017/ Acquisition cost Jan 1, 2017	Penambahan/ Additions	Pengurangan/ Deduction	
<b>Entitas anak/Subsidiaries</b>					
PT PGAS Telekomunikasi Nusantara	99.93%	17,527,222	-	(597,988)	16,929,234
PT PGAS Solution	99.91%	9,028,138	-	(27,851,427)	(18,823,289)
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
<b>Ventura bersama/Joint ventures</b>					
PT Transportasi Gas Indonesia	59.87%	81,755,336	-	(25,539,469)	56,215,867
PT Nusantara Regas	40.00%	58,158,141	-	(26,457,704)	31,700,437
<b>Entitas asosiasi/Associate</b>					
PT Gas Energi Jambi	40.00%	111,453	-	-	111,453
PT Banten Gas Sinergy	0.14%	2,718	-	-	2,718
<b>Total/Total</b>		<b>1,646,281,893</b>	<b>17,503,805</b>	<b>(80,446,588)</b>	<b>1,583,339,110</b>
<b>2016</b>					
Nama entitas/ Entity name	Persentase kepemilikan/ Percentage of ownership	Biaya perolehan 1 Jan 2017/ Acquisition cost Jan 1, 2017	Penambahan/ Additions	Pengurangan/ Deduction	Nilai tercatat 31 Des 2017/ Carrying value Dec 31, 2017
<b>Entitas anak/Subsidiaries</b>					
PT PGAS Telekomunikasi Nusantara	99.93%	6,872,161	10,655,061	-	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	-	-	3,790,464
PT PGN LNG Indonesia	99.98%	376,845,403	-	-	376,845,403
PT Permata Graha Nusantara	99.95%	7,631,294	28,459,217	-	36,090,511
<b>Ventura bersama/Joint ventures</b>					
PT Transportasi Gas Indonesia	59.87%	81,755,336	-	-	81,755,336
PT Nusantara Regas	40.00%	58,158,141	-	-	58,158,141
<b>Entitas asosiasi/Associate</b>					
PT Gas Energi Jambi	40.00%	111,453	-	-	111,453
PT Banten Gas Sinergy	0.14%	2,718	-	-	2,718
<b>Total/Total</b>		<b>1,607,167,615</b>	<b>39,114,278</b>	-	<b>1,646,281,893</b>

## INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

PT PERUSAHAAN GAS NEGARA (PERSERO) TBK  
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLYCATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA  
31 DESEMBER 2017 DAN 2016(Disajikan dalam Dolar Amerika Serikat,  
Kecuali dinyatakan lain)NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2017 AND 2016(Expressed in United States Dollar,  
unless otherwise stated)

## 45. INFORMASI KEUANGAN TAMBAHAN (lanjutan)

45. SUPPLEMENTARY FINANCIAL INFORMATION  
(continued)

- c. Saldo dengan entitas anak, ventura bersama, dan entitas asosiasi

- c. Significant balances with subsidiaries, joint ventures and associates

Perusahaan mempunyai transaksi dan saldo yang signifikan dengan pihak entitas anak dan entitas asosiasi berikut:

The Company has the following significant transactions and balances with its subsidiaries and associates:

Nama entitas/Entity name	2017			
	Piutang/ Receivables	Penyertaan saham/ Investment in share of stocks	Pinjaman yang diberikan/Loan provided	Utang/ Payables
<b>Entitas anak langsung/Direct subsidiaries</b>				
PT PGAS Telekomunikasi Nusantara	4,939	17,527,222	-	3,160,160
PT PGAS Solution	103,251	9,028,138	-	43,992,540
PT Saka Energi Indonesia	5,749,899	1,062,972,507	838,350,000	-
PT Gagas Energi Indonesia	8,992,282	3,790,464	-	70,978
PT PGN LNG Indonesia	1,614	376,845,403	99,317,252	-
PT Permata Graha Nusantara	-	36,090,511	-	5,260,995
<b>Entitas anak tidak langsung/Indirect subsidiaries</b>				
PT Kalimantan Jawa Gas	25,561,385	-	206,000,000	-
<b>Ventura bersama/Joint ventures</b>				
PT Transportasi Gas Indonesia	3,762,407	81,755,336	-	1,603,153
PT Nusantara Regas	41,983	58,158,141	-	-
<b>Entitas asosiasi/Associate</b>				
PT Gas Energi Jambi	-	111,453	-	-
PT Banten Gas Sinergy	-	2,718	-	-
<b>Total/Total</b>	<b>44,175,777</b>	<b>1,646,281,893</b>	<b>1,143,667,252</b>	<b>54,087,826</b>

Nama entitas/Entity name	2016			
	Piutang/ Receivables	Penyertaan saham/ Investment in share of stocks	Pinjaman yang diberikan/Loan provided	Utang usaha/ Trade payables
<b>Entitas anak langsung/Direct subsidiaries</b>				
PT PGAS Telekomunikasi Nusantara	4,939	17,527,222	-	3,160,160
PT PGAS Solution	103,251	9,028,138	-	43,992,540
PT Saka Energi Indonesia	5,749,899	1,062,972,507	838,350,000	-
PT Gagas Energi Indonesia	8,992,282	3,790,464	-	70,978
PT PGN LNG Indonesia	1,614	376,845,403	99,317,252	-
PT Permata Graha Nusantara	-	36,090,511	-	5,260,995
<b>Entitas anak tidak langsung/Indirect subsidiaries</b>				
PT Kalimantan Jawa Gas	25,561,385	-	206,000,000	-
<b>Ventura bersama/Joint ventures</b>				
PT Transportasi Gas Indonesia	3,762,407	81,755,336	-	1,603,153
PT Nusantara Regas	41,983	58,158,141	-	-
<b>Entitas asosiasi/Associate</b>				
PT Gas Energi Jambi	-	111,453	-	-
PT Banten Gas Sinergy	-	2,718	-	-
<b>Total/Total</b>	<b>44,217,760</b>	<b>1,646,281,893</b>	<b>1,143,667,252</b>	<b>54,087,826</b>

- d. Aktivitas non kas

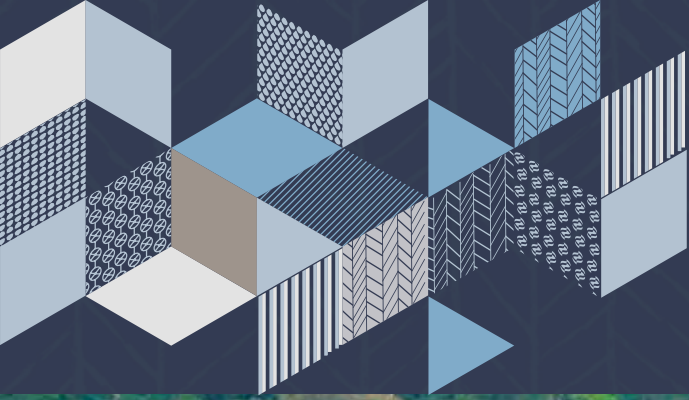
- d. Non-cash transactions

Transaksi non kas terdiri dari:

Non-cash transactions consists of:

	2017	2016	
Perolehan aset tetap melalui liabilitas yang masih harus dibayar	17,578,386	35,327,624	Acquisition of fixed assets through accrued liabilities
Penambahan penyertaan saham melalui konversi pinjaman kepada entitas anak	-	10,655,061	Addition of investment in shares of stock through the conversion of shareholder loan to subsidiaries

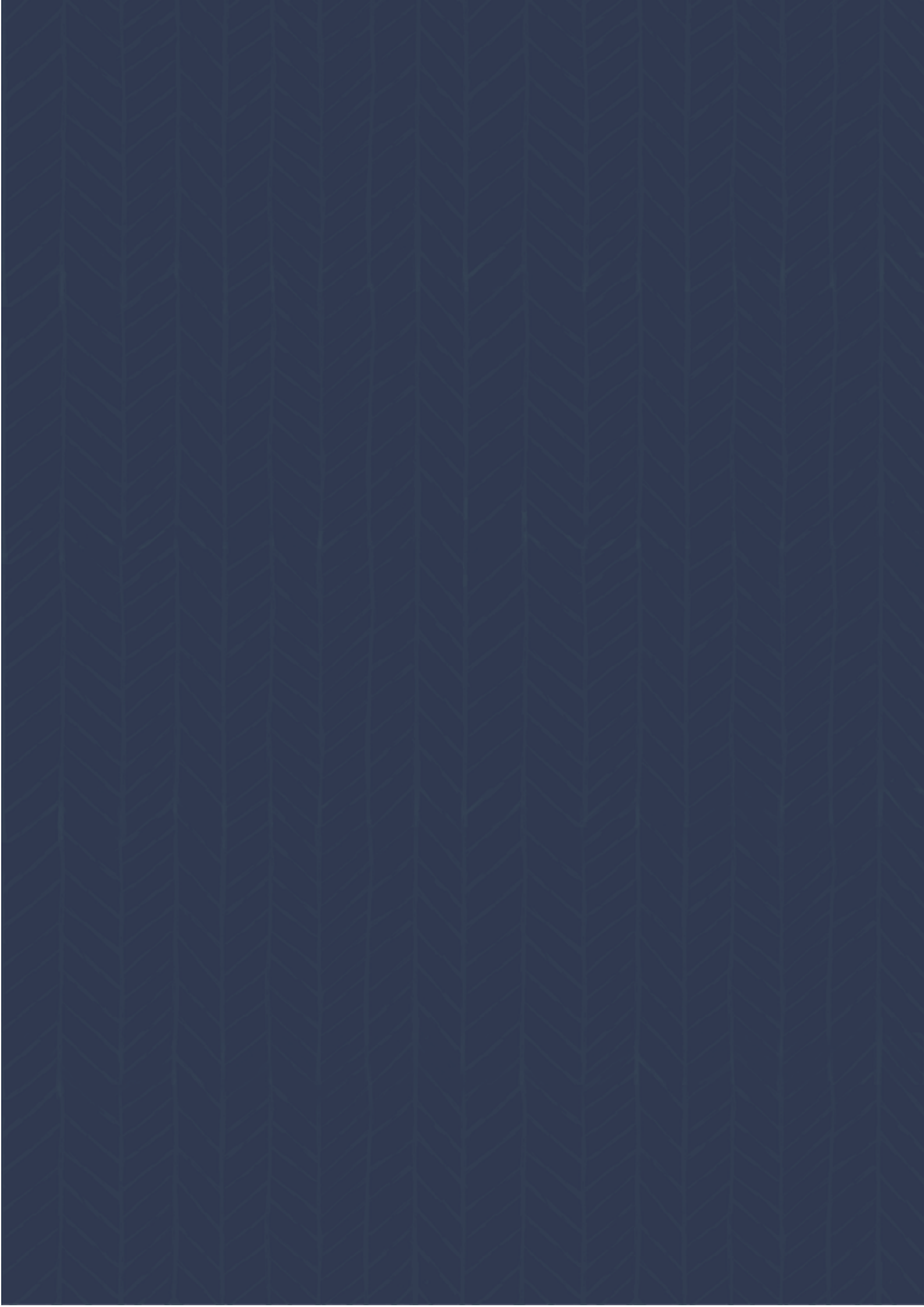




**The rooftop end of Minang House**, which looks magnificent from a distance. Understanding the philosophy of this building as a whole makes us more appreciative of cultural heritage. References are part of this report to know the full extent of the Company's exposure.



**REFERENCE**





## OJK NO.29 /POJK.04/2016 AND SEOJK NO.30/SEOJK.04/2016

## CROSS REFERENCE

Criteria	Explanation	Page
	<p>b. Share Information</p> <p>Share information (if any) shall at least contains:</p> <ol style="list-style-type: none"> <li>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:               <ol style="list-style-type: none"> <li>a) The number of outstanding shares;</li> <li>b) The market capitalization based on the price on the Stock Exchange where the shares are listed;</li> <li>c) The highest, lowest, and closing shares prices based on the price on the Stock Exchange where the shares are listed; and</li> <li>d) The volume of trading on the Stock Exchange where the shares are listed;</li> </ol> <p>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; 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;</p> </li> <li>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:               <ol style="list-style-type: none"> <li>a) The execution date of the corporate actions;</li> <li>b) The ratio of the stock split, reverse stock, shares dividend, bonus shares, and changes in the nominal value of shares;</li> <li>c) The number of outstanding shares before and after the corporate action; and</li> <li>d) The shares prices before and after the corporate action;</li> </ol> </li> <li>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</li> <li>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</li> </ol>	<p>34</p> <p>132</p> <p>310</p> <p>310</p>
	<p>c. The Report of the Board of Directors</p> <p>The Report of the Board of Directors shall at least contains:</p> <ol style="list-style-type: none"> <li>1. Brief description regarding the performance of the Issuer or Public Company, shall at least includes:               <ol style="list-style-type: none"> <li>a) Strategy and strategic policy of the Issuer or Public Company;</li> <li>b) A comparison between the achieved results and the targeted; and</li> <li>c) Constraints encountered by the Issuer or Public Company;</li> </ol> </li> <li>2. An overview of the business prospects;</li> <li>3. The governance application of the Issuer or Public Company; and</li> <li>4. Changes in the composition of the members of Board of Directors and the grounds of such changes (if any);</li> </ol>	49



## OJK NO.29 /POJK.04/2016 AND SEOJK NO.30/SEOJK.04/2016

## CROSS REFERENCE

Criteria	Explanation	Page
	<p>d. The Report of the Board of Commissioners</p> <p>The Report of the Board of Commissioners shall at least contains:</p> <ol style="list-style-type: none"> <li>1. An assessment of the performance of the Board of Directors regarding the management of the Issuer or Public Company;</li> <li>2. Supervision of the strategy implementation of the Issuer or Public Company;</li> <li>3. The views on the business prospects of the Issuer or Company Public compiled by the Board of Directors;</li> <li>4. The views on the governance implementation of the Issuer or Public Company;</li> <li>5. Changes in the composition of the members of the Board of Commissioners and the grounds of such changes (if any); and</li> <li>6. Frequencies and ways of giving advice to the members of the Board of Directors;;</li> </ol>	41
	<p>e. Profile of the Issuer or Public Company</p> <p>Profile of the Issuer or Public Company shall at least contains:</p> <ol style="list-style-type: none"> <li>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; 65</li> <li>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: 142 <ol style="list-style-type: none"> <li>a) Address;</li> <li>b) Telephone number;</li> <li>c) Facsimile number;</li> <li>d) Electronic mail address; and</li> <li>e) Website address;</li> </ol> </li> <li>3. The brief history of the Issuer or Public Company; 68</li> <li>4. The vision and mission of the Issuer or Public Company; 82</li> <li>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; 73</li> <li>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; 78</li> <li>7. The profile of the Board of Directors, shall at least contains: 94 <ol style="list-style-type: none"> <li>a) Name and position to suit the tasks and responsibilities;</li> <li>b) Recent photograph;</li> <li>c) Age;</li> <li>d) Citizenship;</li> <li>e) Educational background;</li> <li>f) Working experiences that include the following information: <ol style="list-style-type: none"> <li>1) The legal basis of the appointment as the member of the Board of Directors at the concerned Issuer or Public Company;</li> <li>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</li> <li>3) Working experiences along with the time period in both inside and outside of the Issuer or Public Company;</li> </ol> </li> <li>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</li> <li>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;</li> </ol> </li> </ol>	

## OJK NO.29 /POJK.04/2016 AND SEOJK NO.30/SEOJK.04/2016

## CROSS REFERENCE

Criteria	Explanation	Page
	<p>8. The profile of the Board of Commissioners, shall at least contains:</p> <ul style="list-style-type: none"> <li>a) Name;</li> <li>b) Recent photograph;</li> <li>c) Age;</li> <li>d) Citizenship;</li> <li>e) Educational background;</li> <li>f) Working experiences, include information about: <ul style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>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</li> <li>4) Working experiences along with the time period in both inside and outside of the Issuer or Public Company;</li> </ul> </li> <li>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);</li> <li>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;</li> <li>i) Independence statement of the Independent Commissioner in terms of the Independent Commissioner has served for more than 2 (two) periods (if any);</li> </ul>	90
	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;	96
	10. The number of employees and distribution description of educational level and age of employees during the fiscal year;	98
	11. The names of shareholders and ownership percentage at the end of fiscal year, comprising of: <ul style="list-style-type: none"> <li>a) Shareholders who own 5% (five percent) or more shares of the Issuer or Public Company;</li> <li>b) Members of the Board of Directors and members of Board of Commissioners who own shares of the Issuer or Public Company; and</li> <li>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;</li> </ul>	104
	12. The number of shareholders and ownership percentage as per the end of the fiscal year based on the following classifications: <ul style="list-style-type: none"> <li>a) ownership of local institutions;</li> <li>b) ownership of foreign institutions;</li> <li>c) ownership of local individuals; and</li> <li>d) ownership of foreign individuals;</li> </ul>	104
	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;	104, 105
	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;	106

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Criteria	Explanation	Page
	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);	132
	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);	134
	17. Name and address of the capital market supporting institutions and/or professionals;	136
	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	137
	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:	138
	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	157
	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:	
	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:	172
	a) Current assets, non-current assets, and total assets;	
	b) Short-term liabilities, long-term liabilities, and total liabilities;	
	c) Equity;	
	d) Revenue/sales, expenses, profit (loss), other comprehensive earnings, and total comprehensive profit (loss); and	
	e) Cash flow;	
	3. Ability to pay the debt by presenting the relevant ratio calculation;	187
	4. The level of receivables collection of the Issuer or Public Company by presenting the relevant ratio calculation;	187

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Criteria	Explanation	Page
	5. Capital structure and management policy on such capital structure along with the basis for such policy determination;	188
	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;	189
	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;	189
	8. Material information and facts that occurred after the date of the auditor's report (if any);	192
	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;	192
	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;	189
	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;	190
	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;	194
	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;	200

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Criteria	Explanation	Page
	14. The realization of the use of Public Offering proceeds, with provisions: 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;	201
	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: 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;	201
	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	202
	17. Changes in accounting policies, the reasons and impacts on the financial statements (if any);	203
	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; b) A statement that the Board of Directors has the guideline or charter of the Board of Directors; 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; 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; e) Information regarding the GMS resolutions 1 (one) year before, that includes: 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: 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;	256

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Criteria	Explanation	Page
	2. Board of Commissioners, covers among others: <ul style="list-style-type: none"> <li>a) The duties and responsibilities of the Board of Commissioners;</li> <li>b) A statement that the Board of Commissioners has the guideline or charter of the Board of Commissioners;</li> <li>c) The procedures, the determination basis, the structure and the remuneration amount of each member of the Board of Commissioners;</li> <li>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;</li> <li>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:               <ul style="list-style-type: none"> <li>1). The implementation procedures of the performance assessment;</li> <li>2). The criteria used; and</li> <li>3). The party who perform the assessment;</li> </ul> </li> <li>f) Assessment of the performance of the committees that support the implementation of the Board of Commissioners duties; and</li> <li>g) In terms of the Board of Commissioners does not form the Nomination and Remuneration Committee, contained the information that shall at least concerning:               <ul style="list-style-type: none"> <li>1). The reason for not established the committee; and</li> <li>2). The procedures of nomination and remuneration that performed during the fiscal year;</li> </ul> </li> </ul> 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: <ul style="list-style-type: none"> <li>a) Name;</li> <li>b) The duties and responsibilities of the Sharia Supervisory Board; and</li> <li>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;</li> </ul>	244, 247
	4. Audit Committee, covers among others: <ul style="list-style-type: none"> <li>a) Name and position in the membership of the committee;</li> <li>b) Age;</li> <li>c) Citizenship;</li> <li>d) Educational background;</li> <li>e) Working experiences include information about:               <ul style="list-style-type: none"> <li>1). The legal basis for the appointment as a member of the committee;</li> <li>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</li> <li>3). Working experiences along with the time period in both inside and outside of the Issuer or Public Company;</li> </ul> </li> <li>f) Period and tenure of members of the Audit Committee;</li> <li>g) Independence statement of the Audit Committee;</li> <li>h) Policies and implementations concerning the frequency of the Audit Committee's meetings and the attendance of members of Audit Committee in such meetings;</li> <li>i) Education and/or training which have been attended in the fiscal year (if any); and</li> <li>j) Implementation of the Audit Committee activities at the fiscal year in accordance with as specified in the guideline or charter of Audit Committee;</li> </ul>	280

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Criteria	Explanation	Page
	<p>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:</p> <p>a) Name and position in the membership of the committee;</p> <p>b) Age;</p> <p>c) Citizenship;</p> <p>d) Educational background;</p> <p>e) working experiences, include information about:</p> <p>1). The legal basis of the appointment as the member of the committee;</p> <p>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</p> <p>3). Working experiences along with the time period in both the inside and outside of the Issuer or Public Company;</p> <p>f) Period and tenure of members of the committees;</p> <p>g) Description of duties and responsibilities;</p> <p>h) The committee's statement that has had the guidelines or charter of committees;</p> <p>i) Independence statements of the committees;</p> <p>j) The policies and the implementation regarding the frequency of committee's meetings and the attendance of committee members in such meetings;</p> <p>k) Education and/or training which have been attended during the fiscal year (if any); and</p> <p>l) The brief description of the implementation of the committee's activities at the fiscal year;</p>	285, 289
	<p>6. Corporate Secretary, covers among others:</p> <p>a) Name;</p> <p>b) Domicile;</p> <p>c) Working experiences that include the following information:</p> <p>1). The legal basis of the appointment as the Corporate Secretary; and</p> <p>2). Working experiences along with the time period in both inside and outside of the Issuer or Public Company;</p> <p>d) Educational background;</p> <p>e) Education and/or training which have been attended in the fiscal year; and</p> <p>f) The brief description of the implementation of Corporate Secretary's duties at the fiscal year;</p>	294
	<p>7. Internal Audit Unit, covers among others:</p> <p>a) Name of the head of the Internal Audit Unit;</p> <p>b) Working experiences that includes the following information:</p> <p>1). The legal basis of the appointment as the head of the Internal Audit Unit; and</p> <p>2). The legal basis of the appointment as the head of the Internal Audit Unit; and</p> <p>c) Qualifications or certifications as the internal audit profession (if any);</p> <p>d) Education and/or training which have been attended in the fiscal year;</p> <p>e) The structure and position of the Internal Audit Unit;</p> <p>f) The description of duties and responsibilities;</p> <p>g) The statement that it has had the guidelines or charter of the Internal Audit Unit; and</p> <p>h) The brief description of the implementation of the Internal Audit Unit's duties at the fiscal year;</p>	296

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Criteria	Explanation	Page
	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 b) Review of the effectiveness of internal control system;	299
	9. The risk management system applied by the Issuer or Public Company, shall at least concerning: a) An overview of the risk management system of the Issuer or Public Company; 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;	300
	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: 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;	308
	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 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;	311
	13. Information concerning the corporate culture or the corporate values (if any);	84
	14. Description of the employee and/or management stock ownership program that implemented by the Issuer or Public Company (if any), among others concerning: a) The number of shares and/or options; b) The exercise period; c) The requirements of the eligible employees and/or management; and d) The exercise price;	132
	15. Description of the violation reporting system (whistleblowing system) at the Issuer or Public Company (if any), among others, includes: 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;	317
	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 b) Description of the recommendations that have not been implemented, with the reasons and its alternative implementation (if any);	216



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Criteria	Explanation	Page
	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:	
	1). The use of eco-friendly materials and energy and can be recycled;	334
	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:	342, 348
	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:	358
	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:	362
	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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Criteria	Explanation	Page
	<p>i. Annual Financial Statements which Have Been Audited 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>	372
	<p>j. 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 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>	60

## GLOSSARY

GLOSSARY	
AMDAL	Abbreviation of "Analisis Mengenai Dampak Lingkungan" analysis of environment impact, environment management plan and environment monitoring plan
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
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
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
CII	Customer Importance Index
CF	Cubic Feet, a volume unit used to measure natural gas 1CF = 0,028 m3
COSO	Committee of the Sponsoring Organizations of the Treadway Commission
CNG	Compressed Natural Gas
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
FSRT	Floating Storage & Regasification Terminal
FSRU	Floating Storage & Regasification Unit
GMS	General Meeting of Shareholders

## GLOSSARY

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 for 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.
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
LC	Letter of Credit, a payment method for export/import transactions
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 Barrels
MMBOE	Million Barrels of Oil Equivalent
MMBTU	Million British Thermal Units
MMBTUD	Million British Thermal Units per Day
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
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	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

**GLOSSARY**

PPOB	Payment Point Online Bank
PSI	Pounds per Square Inch, a unit for measuring gas pressure. 1 bar = 14.5 PSI
QIA	Qualified Internal Auditor
RCA	Risk Containment Audit
RJPP	Rencana Jangka Panjang Perusahaan, or Corporate Long-Term Plan
RKAP	Rencana Kerja dan Anggaran Perusahaan, or Corporate Work Plan and Budget
ROE's	Regionally Owned Enterprises
ROV	Remotely Operated Underwater Vehicle
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.
SBU	Strategic Business Unit
SER	Social and Environmental Responsibility
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.
SME	Small or Medium Enterprise
SOE	State Owned Enterprise
Target	Business target that were adjusted to the global economic slowdown
TCF	Trillion Cubic Feet
Transmission	The transmission of gas from its source or storage place through a transmission pipeline.
TSAF	Total Sickness Absence Frequency



## TEAM OF ANNUAL REPORT PT PERUSAHAAN GAS NEGARA (Persero) Tbk TAHUN 2017

### Leaders

Director of Finance  
Director of Business Development and Strategy  
Director of General and Human Resource  
Commercial Director

### Chief

Corporate Secretary

### Coordinator

Widhi Astuti (CSS Division)

### Material Work Team

#### Coordinator:

Chandra Simarmata (Accounting Division)

#### Members

Yunan F. Ariyanto (Corporate Finance Division)  
Aditya Damawan (PPM Division)  
Tri Gendro Warsito (PPM Division)  
Rosa Permatasari (PMO Infrastructure)  
Suseno (Strategic Management Division)  
Oktavianus Ragawino (Gas Supply Division)  
Desy Anggia Wulandari (Corporate Communication Division)  
Johannes Parlindungan (CSR Division)  
Jauhar Gama Kurniawan (Gas System Management Division)  
Cokorda Bagus Purnama (PMO Infrastructure)  
Ade Rusdiyati (CSR Division)  
Dini Septiani (HSSE Division)  
Wulandari (SMT Division)  
Rudy Setyawan (CSR Division)

### Procurement

#### Coordinator:

Hendar P. Susanto (LFM Division)

#### Members:

Yosa Arfika Naim (CSS Division)  
Suryandari Wandewi (LFM Division)  
Fitra Yuda (CSS Division)  
Katamsi (CSS Division)

### Lay-out Design

#### Coordinator

Mahesa Khrisna (Marketing and Product Development Division)

#### Members:

Markus Aditya (Corporate Communication Division)  
Yosa Arfika Naim (CSS Division)  
Riandy Arizon (ICT Division)  
Hanafi Prabowo (Business Unit Infrastructure Operations)  
Iwhan Wibowo (Finance Control and Budget Division)  
Hari Wiryawan (HCM Division)  
Retno Wahyuning Astuti (HCM Division)  
Irpri (ICT Division)

### Management Discussion and Analysis

#### Coordinator

Prihardy Bakri (Accounting Division)

#### Members:

Sulthani Adil Mangatur (Investor Relation Division)  
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