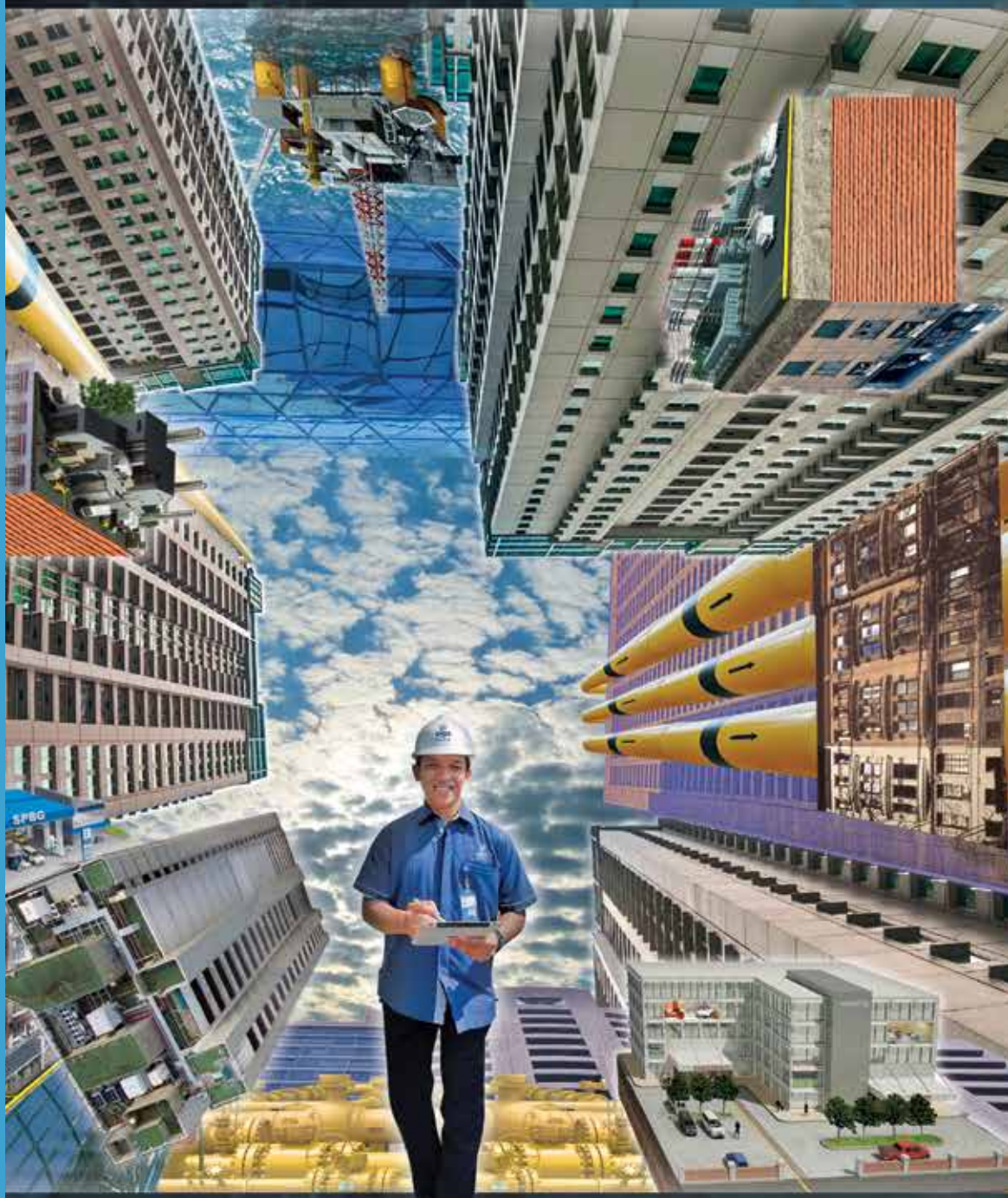
# When is a Pipeline Not Just a Pipeline?

# ANNUAL REPORT



2016

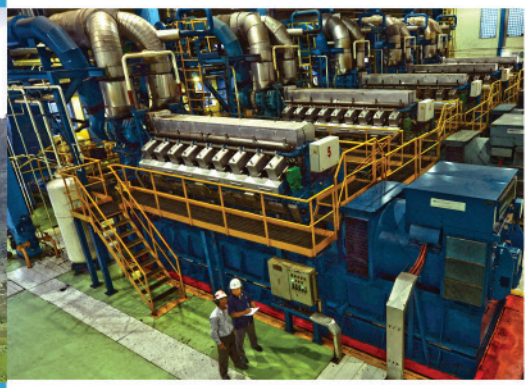
pgn
energy for life

PT Perusahaan Gas Negara (Persero) Tbk











# WHEN IT'S PART OF PGN'S EXPANSIVE





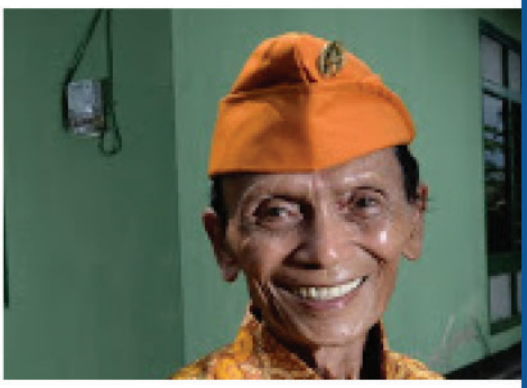










# NATURAL GAS NETWORK

At PGN, our pipeline is a conduit to a







bright future for all of Indonesia

Our infrastructure expertise, innovative leadership team, and deep industry experience all along the natural gas value chain make us the nation's top choice for natural gas.

**In short, no one knows how to source, distribute and deliver natural gas better than PGN.**

# CONTENTS


1

**OVERVIEW**

4-15 **NOT JUST A PIPELINE**

**PERFORMACE OVERVIEW**

20 Financial Highlights
- 20 Consolidated Statements of Comprehensive Income
- 21 Consolidated Statements of Financial Position
- 21 Financial Ratios

20 Financial Ratios
- 20 Net Revenue
- 20 EBITDA Margin
- 21 Current Ratio
- 21 Price to Earning Per Share Ratio
- 21 Liability to Equity Ratio Per Share

20 2015-2016 Stock Price Movement

22 Operational Highlights
- 22 Number of Customer
- 22 Gas Distribution Value
- 22 Length of Pipeline

22 Stock Highlights
- 22 2016 PGAS Share Price Information
- 22 2015 PGAS Share Price Information

22 Bond Highlights

22 PGN Bond Price and YTM (Yield to Maturity) Movement 2015-2016

2

**REPORT TO THE SHAREHOLDERS**

27 Report From The Board Of Commissioners

33 Report From The Board Of Directors

40 Statement Letter Members Of The Board Of Commissioners And The Board Of Directors Regarding Responsibility For The Content Of The Annual Report 2016

3

**COMPANY PROFILE**

43 Name And Address

44 The Company's Logo

46 The Company's Milestones

48 Line Of Businesses
- 48 Business Activities
- 48 The Generated Products Or Services
- 48 PGN Synergy, Integrated Solution
- 49 Business Units
- 50 One Pgn Synergy
- 52 Gas Sources And Natural Gas Infrastructures

54 Organization Structure

56 Vision And Mission

58 Corporate Cultures

62 The Implementation of The Company's Cultures

64 Profile Of The Members Of The Board Of Commissioners
- 66 Profile Of The Secretary Of The Board Of Commissioners

67 Profile Of The Members Of The Board Of Directors
- 69 Profile Of The Corporate Secretary
- 69 Profile Of The Head Of Internal Audit Division

70 Human Capital
- 70 Profile And Numbers Of Pgn's Employees
  - 71 The Number Of Employees Based On The Employment Status
  - 71 The Number Of Employees Based On The Organization Level Group
  - 71 The Number Of Employees Based On Educational Background
- 71 The Competency Development
- 76 Expenses
- 77 Shareholders Information

77 The Shareholders Composition
- 77 List Of Top 20 Shareholders
- 78 Major Shareholder Information
- 78 The 5% Or More Shares Ownership Aws Per 31 December 2016
- 78 Shares Ownership By The Members Of The Board Of Commissioners And The Board Of Directors As Per 31 December 2016

78 Information Of Subsidiary And Affiliated Companies
- 84 PGN Group Structure
- 85 PT Saka Energi Indonesia
- 86 PT Gagas Energi Indonesia
- 87 PT PGN LNG Indonesia
- 88 PT PGAS Telekomunikasi Nusantara
- 89 PT Transportasi Gas Indonesia
- 90 PT PGAS Solution
- 90 PT Permata Graha Nusantara
- 91 PT Nusantara Regas
- 92 PT Kalimantan Jawa Gas

93 Stock Listing Chronology
- 93 Management And Employee Stock Option Plan (MSOP/ESOP)
- 93 Stock Split
- 93 Shares Buyback
- 94 The History of The Number of PGN's Shares

95 The Chronology Of Other Securities Listing And Securities Rating
- 95 Pgn's Credit Rating

96 Names And Addresses Of Capital Market Supporting Institutions Or Professionals
- 97 Securities Administration Bureau
- 97 Public Accountant Firm
- 97 Indonesia Stock Exchange
- 97 Indonesian Central Securities Depository

98 Awards And Certifications

100 Names And Office Addresses Of Sales Area, Subsidiary And Affiliated Companies

104 Important Events

4

**MANAGEMENT ANALYSIS AND DISCUSSION**

113 Business Segments Operating Overview

114 Transmission/Transportation Business Segment
- 115 Operating Performance Of Transmission / Transportation Business Segment
- 117 Transmission / Transportation Business Segment Revenue

117 Distribution / Trading Business Segment
- 118 Gas Distribution / Commerce Customers
- 119 Distribution/Trading Business Segment Operating Performance
- 121 Customer Profile
- 121 Number Of Customers
- 122 Natural Gas Price Adjustment
- 123 Revenue Of Distribution/Trading Business Segment

124 Oil And Gas Business Segment
- 124 Operating Performance Of Oil And Gas Business Segment
- 125 Revenue Of Oil And Gas Business Segment

125 Other Business Segments
- 126 Operating Performance Of Other Business Segment

130 Description Of The Financial Performance
- 130 Net Revenues
- 131 Cost Of Revenues
- 133 Gross Profit
- 133 Distribution And Transmission Expenses
- 133 General And Administrative Expenses
- 133 Other Income
- 133 Other Expenses
- 134 Impairment Of Oil And Gas Properties
- 134 Operating Profit
- 135 Finance Income
- 135 Finance Cost
- 135 Bargain Purchase
- 135 Loss On Foreign Exchange-Net
- 135 Loss On Change In Fair Value Of Derivativesnet
- 135 Share In Profit Of The Joint Ventures

136 Profit Before Income Tax Benefit (Expense) Income Tax
136 Tax Expense-Net
136 Other Comprehensive Income After Tax
136 Profit For The Year Attributable To Owners Of The Parent Entity
137 Profit For The Year Attributable To Noncontrolling Interests
137 Total Comprehensive Income For The Year Attributable To Owners Of The Parent Entity
137 Total Comprehensive Income For The Year Attributable To Non-Controlling Interests
138 Asset
138 Current Assets
140 Short Term Investments
141 Trade Receivables
141 Other Receivables
141 Current Maturity Of Advances
143 Trade Receivables (Long Term)
143 Other Long Term Receivables
143 Investments In Shares Of Stock
143 Fixed Assets
143 Exploration And Evaluation Assets
143 Oil And Gas Properties
143 Estimated Claims For Tax Refund
143 Goodwill And Other Intangible Assets
144 Liabilities
144 The Composition Of Short Term Liability
145 Trade Payables
145 Short-Term Bank Loan
145 Accrued Expenses
145 Other Payables
145 The Composition Of Long-Term Liabilities
146 Deferred Tax Liabilities
146 Long Term Loans
146 Bonds Payables
146 Assets Abondenment And Restoration Obligations And Other Provisions
146 Equity
147 Cash Flow
147 Cash Flows From Operating Activities
147 Cash Flows From Investing Activities
147 Cash Flows From Financing Activities
147 Debt Service Ratio
148 Receivables Collectibility
148 Capital Structure
149 Sei's Syndicated Loan
149 The Basic of Management Policy of Capital Structure
149 Material Commitments For Capital Investments
149 Realization Of Capital Investment
150 Target Achievement In 2016
151 Target Achievement In 2017
152 Material Information After The Reporting Year
154 Business Development
154 LNG Mini/Medium Scale
154 Compressed Natural Gas (CNG)
154 Powerplant & Petrochemical Plant (Value Creation)
155 Integrated Industrial Zone
155 Marketing Aspect
155 Market Share
156 Marketing Strategy
161 Dividend Distribution Policy
161 Employee Stock Ownership Program And/Or Management Stock Ownership Program (Esop/Msop)
162 Use Of Public Offering Proceeds
162 Information On Material Transaction Involving Conflict Of Interest And Transaction With Affiliates
162 Grant Of Loans To Subsidiaries
162 Investments To Subsidiaries
163 Changes In Legislative Regulations
165 Changes In Accounting Policies
169 Business Sustainability Information

5

**GOOD CORPORATE GOVERNANCE**

176 The Implementation Of Good Corporate Governance
177 The Objective of Good Corporate Governance
178 Assessment Result On Good Corporate Governance
186 Recommendation On Assessment Result & Rationale For Non Implementation
188 Strengthening The Implementation of GCG In PGN
191 General Meeting Of Shareholders (Gms)
191 Shareholders Composition
191 Shareholders Rights
192 Information Access To Shareholders
194 Gms Decision Result
199 Board Of Commissioners
199 Board Of Commissioner's Composition
199 Board Of Commissioner's Responsibility
200 Board Of Commissioner's Guideline And Code Of Conduct
200 Dual Position And Conflict Of Interest
201 Training Program In Order To Improve Board Of Commissioners Competency
201 Board Of Commissioner's Tasks Implementation
202 Independent Commissioner
202 Independent Commissioner's Determination Criteria
203 Independency Of Independent Commissioner
203 Board Of Commissioners Meeting And Board Of Commissioners And Director's Joint Meetings
206 Board Of Commissioners Kpi Assessment
207 Board Of Commissioner's Performance Assessment Result
207 Board Of Commissioner's Remunuration Stipulation Procedure
208 Board Of Commissioner's Remuneration Stucture
209 Board Of Directors
209 Board Of Director's Composition
209 Board Of Director's Scope Of Work And Responsibilities
210 President Director
210 Direktur Of Infrastruture And Technology
210 Director Of Commere
211 Direktur Of Finance
211 Director Of Human Capital And General Services
211 Director Of Strategy And Business Development
212 Assessment On The Performance Of Committee Under The Board Of Directors
212 Board Of Director's Guidelines And Conduct
212 Board Of Director's Dual Position And Conflicts Of Interest
213 Training Program In Order To Improve The Competence Of Directors
214 Board Of Director's Meeting And Decision
218 Board Of Director And Corporate Performance Assesment
219 Board Of Director's Remuneration
222 Diversity On Board Of Commissioners And Board Of Directors Composition
223 Affiliate Relations Between Members Of The Board Of Directors, Board Of Commissioners, And Major Shareholders And / Or Controlling
224 Assessment On Board Of Commissioners And Board Of Directors
224 Board Of Commissioners And Board Of Director's Performance Assessment Process
224 Board Of Commissioners And Board Of Director's Performance Assessment Criteria And Indicator
224 Gcg Assessment Result For Board Of Commissioners And Board Of Directors

226 Committees
227 Audit Committee
227 Composition Of Audit Committee
228 Profiles Of The Committee Members
229 Independence Of Audit Committee
229 Tasks And Responsibilities Of The Audit
230 Audit Committee's Authority
230 Implementation Of Audit Committee Activities
230 Audit Committee Meeting Frequency
231 Nomination, Remuneration And Good Corporate Governance Commitee
231 Training Program For Members Of The Nomination, Remuneration And Gcg Committee
231 Profiles Of Members Of Nomination, Remuneration, And Gcg Committee
233 Nomination, Remuneration, And Gcg Committee Independency
233 Nomination, Remuneration, And Gcg Committee Tasks And Responsibilities
233 Nomination, Remuneration, And Gcg Committee Authorities
234 Nomination, Remuneration, And Gcg Duties
234 Nomination, Remuneration, And Gcg Meeting Frequency
235 Director Succession Policy
235 Risk Management And Business Development Committee
235 Training Program For Risk Management Monitoring And Business Development Committee
236 Members Of Risk Management Monitoring And Business Development Committee Profiles
237 Independency Of Risk Management And Business Development Monitoring Committee
238 Tasks And Responsibilities Of Risk Management And Business Development Monitoring Committee
238 Authority Of Risk Management And Business Development Monitoring Committee
238 Tasks And Activities Implementation Of Risk Management And Business Development Monitoring Committee
239 Risk Management And Business Development Monitoring Committee Meeting Frequency
239 Board Of Commissioners Secretary
239 Appointment Legal Basis Of And Service Period
239 Tasks Of Secretary Of The Board Of Commissioners
240 Corporate Secretary
240 Appointment Legal Basis And Service Period
240 Functions And Responsibilities Of Corporate Secretary
240 Corporate Secretary 2016 Tasks Implementation
241 Corporate Secretary Profile
241 Corporate Secretary Training Program
241 Internal Audit Division
242 Profile Of Internal Audit Division Head
242 The Position Of Internal Audit Division Within The Company's Structure
243 Internal Audit Division Charter
243 Authority Of Internal Audit Division
243 Tasks Of Internal Audit Division
243 Responsibilities Of Internal Audit Division
243 Personnel Number Of Internal Audit Division
244 Internal Audit Division Human Resources Competency Development And Audit Professional Certification
244 Implementation Of Audit Division Internal Activities During 2016
245 Internal Control System
245 Compatibility Of Internal Control System With Coso
245 Evaluation Towards Effectiveness Of Internal Control System
245 Risk Management
246 Vision, Mission
246 Role
246 Corporate Risk Management
246 The Development Of Risk Management
247 Risk Management Policy
248 Risk Management Governance Structure
248 Risk Management Framework Scheme
249 Corporate Top Risk
250 Company's Risks And Its Management
253 Implementation Of Risk Management Program
254 Major Legal Cases Faced By Pgn
257 Information On Administrative Sanctions
258 Company Code Of Ethics
258 Fundamentals Of Code Of Ethics
262 Code Of Ethics Application To Entire Organization Level
262 Deployment Of Code Of Ethics
263 Code Of Ethics Implementation And Enforcement Form
263 Whistleblowing System
264 Reporting Violation Report
265 Protection For Whistleblower
266 Report Handling
266 Parties Managing Violation Report
267 Result Of Report Handling
267 Reporting Through Whistleblowing System In 2016
267 Preparation Of Financial Statements
268 External Auditor
268 External Auditor Appointment Process
269 Other Services
269 Access To Company's Information And Data

6 **CORPORATE SOCIAL RESPONSIBILITY**
274 Contribution To The Society
276 Environment
276 Policies
278 The Undertaken Activities Program
283 Environmental Certification And Awards
283 Activities Expenses
284 Labor Practices
284 Policies
284 The Undertaken Activities Program
291 Activities Expenses
292 Occupational Health And Safety
292 Policies
300 Employees Health Program
302 Certifications And Awards Of K3 In 2016
303 Activity Expenses
304 Social And Community Development
304 Policies
306 The Undertaken Activities Program
306 Partnership Program
306 Environmental Development Program
308 Activities Expenses
310 Product Liability And Consumer
310 Policies
310 Activities Program In 2016
316 Activities Expenses

7 **CONSOLIDATED FINANCIAL STATEMENTS**
321 Directors Statement Letter Relating to The Responsibility On The Consolidated Financial Statements
322 Independent Auditor's Report To The Shareholder
324 Consolidated Financial Statements

8 **REGULATORY CROSS REFERENCE**
510 Cross Reference of OJK NO 29/POJK.04/2016 dan SEOJK NO 30/SEOJK.04/2016
522 Glossary



# When is Energy not Just energy?

## When it's clean burning natural gas.

Indonesia's National Energy Policy is focused on making natural gas the nation's primary energy source. And with good reason. Natural gas is more energy efficient than coal, oil or diesel. It's also the cleanest burning fossil fuel—producing half the carbon emissions of coal or oil. Along with virtually no sulfur oxides, mercury or ash. Without question, Indonesia has the natural gas reserves to ensure our energy future.

As the nation's experts in transporting and natural gas trading, PGN is playing a leadership role in making it happen.



# When is a Promise more than just a promise?

Of the five values that guide PGN's corporate culture, perhaps "integrity" and "service excellence" are the ones most aligned



## When it's made to a PGN customer.

with customer satisfaction. For PGN, customers are respected business partners who also play an important role in developing Indonesia's energy future. So, building good relationships with them is a top priority. Our focus is on meeting customers' needs and expectations—whether it's keeping our contact center open 24/7, helping our customers be more energy efficient or handling a problem in less than 24 hours. At PGN, every employee acts with integrity. Here, a customer promise is a promise kept.






## When it’s a rapidly expanding market.

Indonesia’s cities are growing. Rapidly. According to The World Bank, Indonesia is undergoing a historic transformation from a rural to an urban economy. The country’s cities are growing faster than in other Asian countries



at a rate of 4.1% per year. By 2025 (less than 10 years), Indonesia can expect to have 68% of its population living in urban areas. And much of that population will be young and middle class—increasing the demand for electricity and stimulating growth for business and industry. It's a tremendous opportunity for PGN. Already, we're developing new infrastructure in 11 growing cities, including Dumai, Gresik, Lamongan, Tuban and others.

PGN has a presence on virtually every link of the natural gas value chain. For us, it begins with supply. Our upstream subsidiary PT Saka Energi Indonesia continues to explore and discover new gas reserves that will help us meet future demand. Most our revenues, however, are derived from our midstream and downstream transmission and distribution networks. In all, PGN distributed natural gas through its pipeline networks to more than 1.500 commercial customers and 2.081 power generation and heavy industry customers in the segments, a 1% and 9%



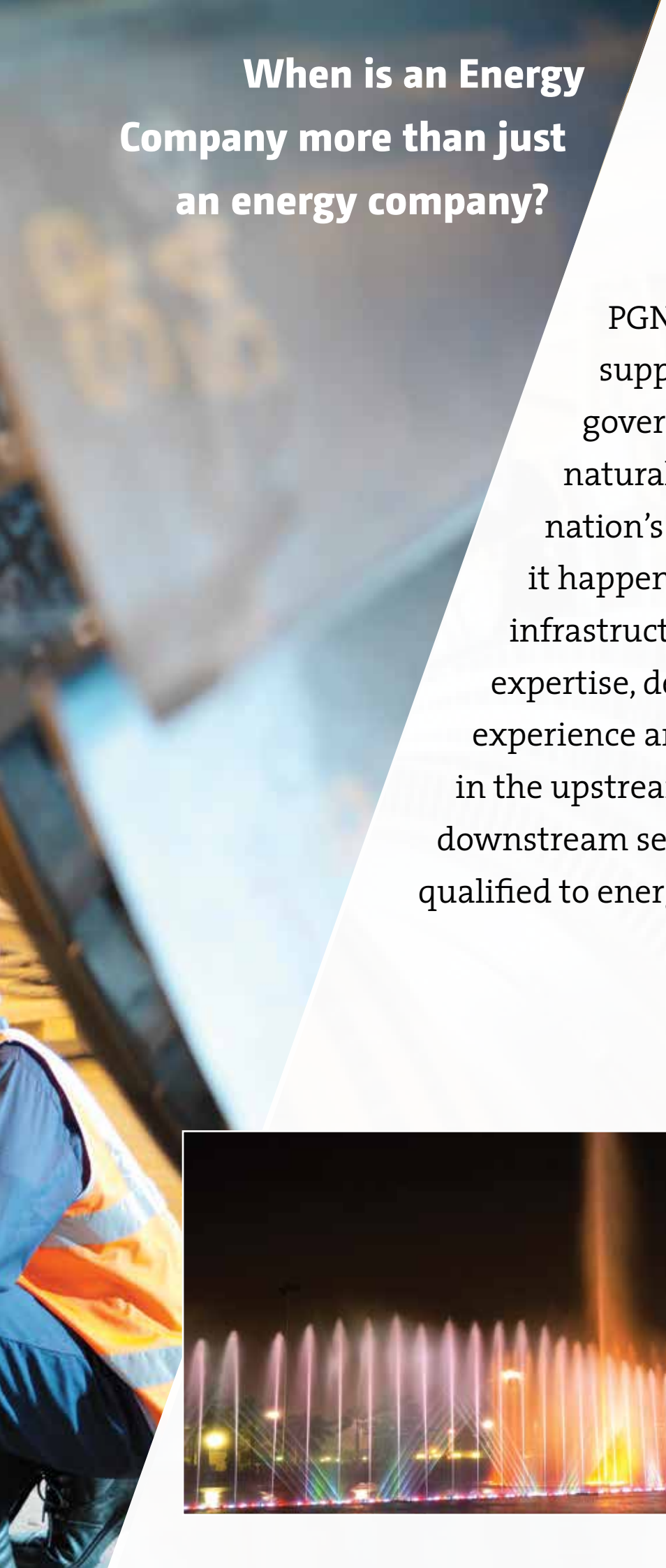
increase respectively over 2015. Additionally, in support of the government's mandate to increase household consumption of natural gas, we distributed gas to 165.392% household customers, a 54% increase over 2015.

## When is Downstream more than just downstream?

**When it's connected to PGN's Natural Gas value chain.**





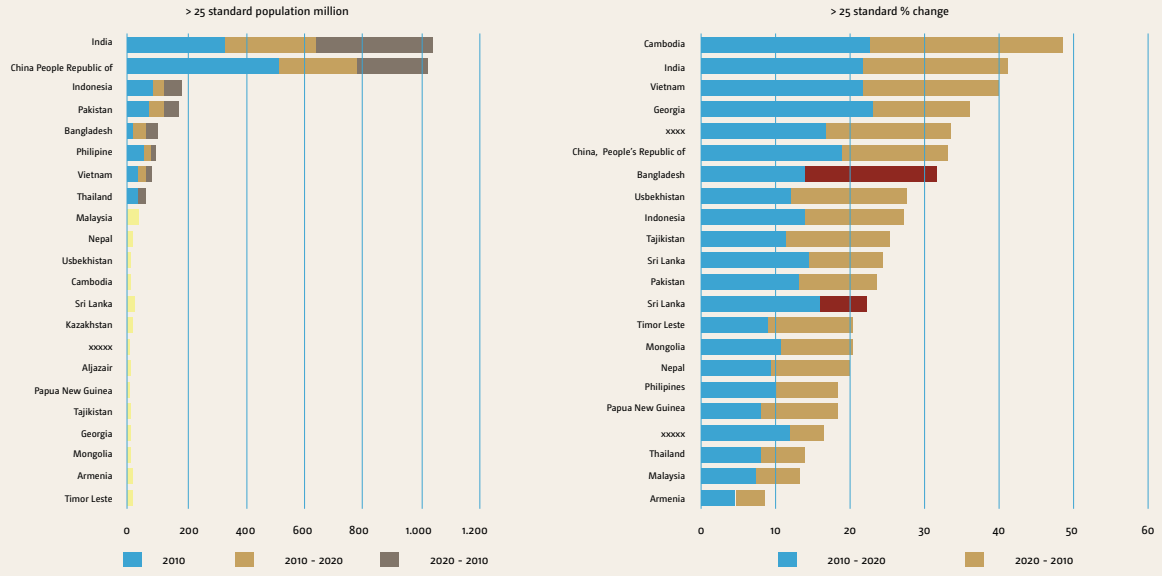


## When is an Energy Company more than just an energy company?

## When it's a vital part of Indonesia's future.

PGN does more than just supporting the Indonesian government's choice of natural gas to fuel of the nation's growth—we help make it happen. With our expanding infrastructure, engineering expertise, deep industry experience and proven capabilities in the upstream, midstream and downstream sectors, PGN is best qualified to energize Indonesia's future.

## THIRD LARGEST MIDDLE CLASS POPULATION IN ASIA




Source: ADB 2010
Source: Alvara Research Center, Asian Development Bank

## INDONESIA'S POPULATION IS GROWING AND BECOMING MORE AFFLUENT



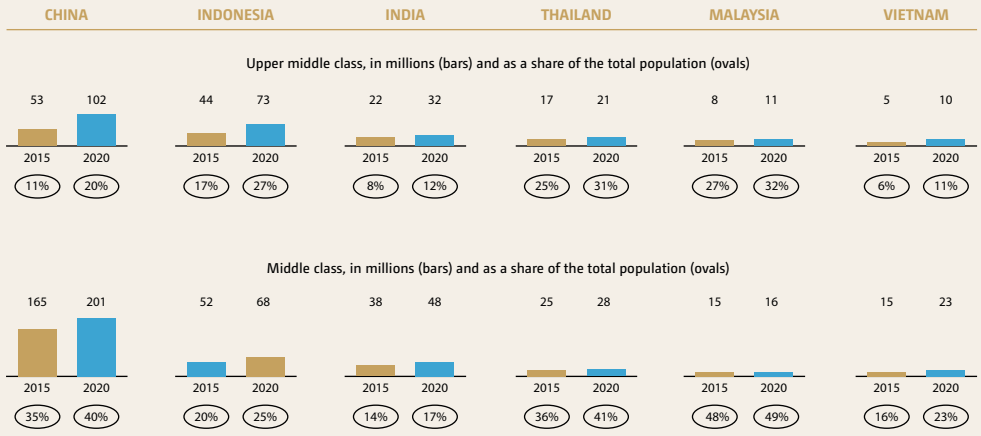

74 million MACs in 2012

142 million MACs in 2020

MAC population includes middle, upper middle, affluent and elite consumers

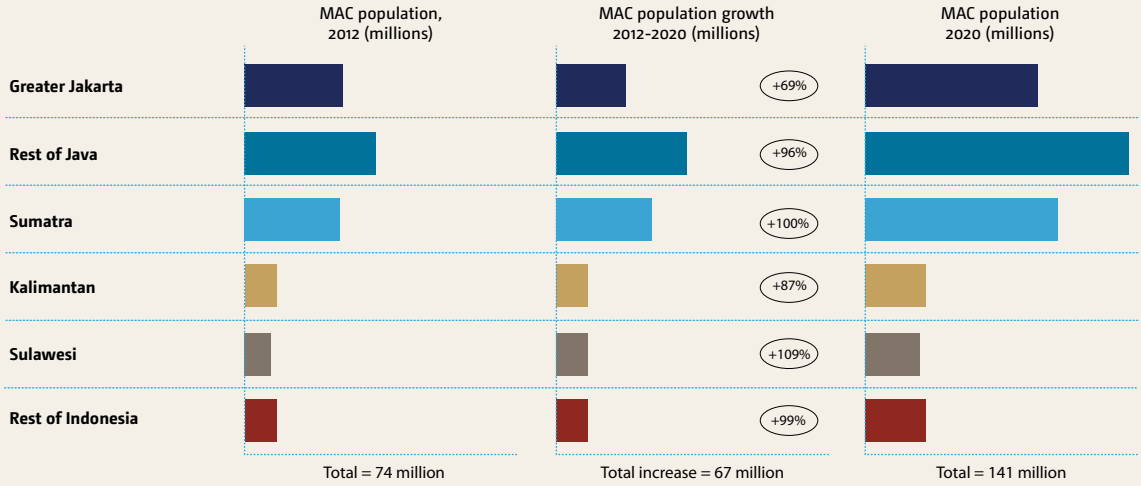
Source: Alvara Research Center, Boston Consulting Group Analysis

## THE WELL-OFF ARE NOW A BIG PART OF ASIA'S POPULATION



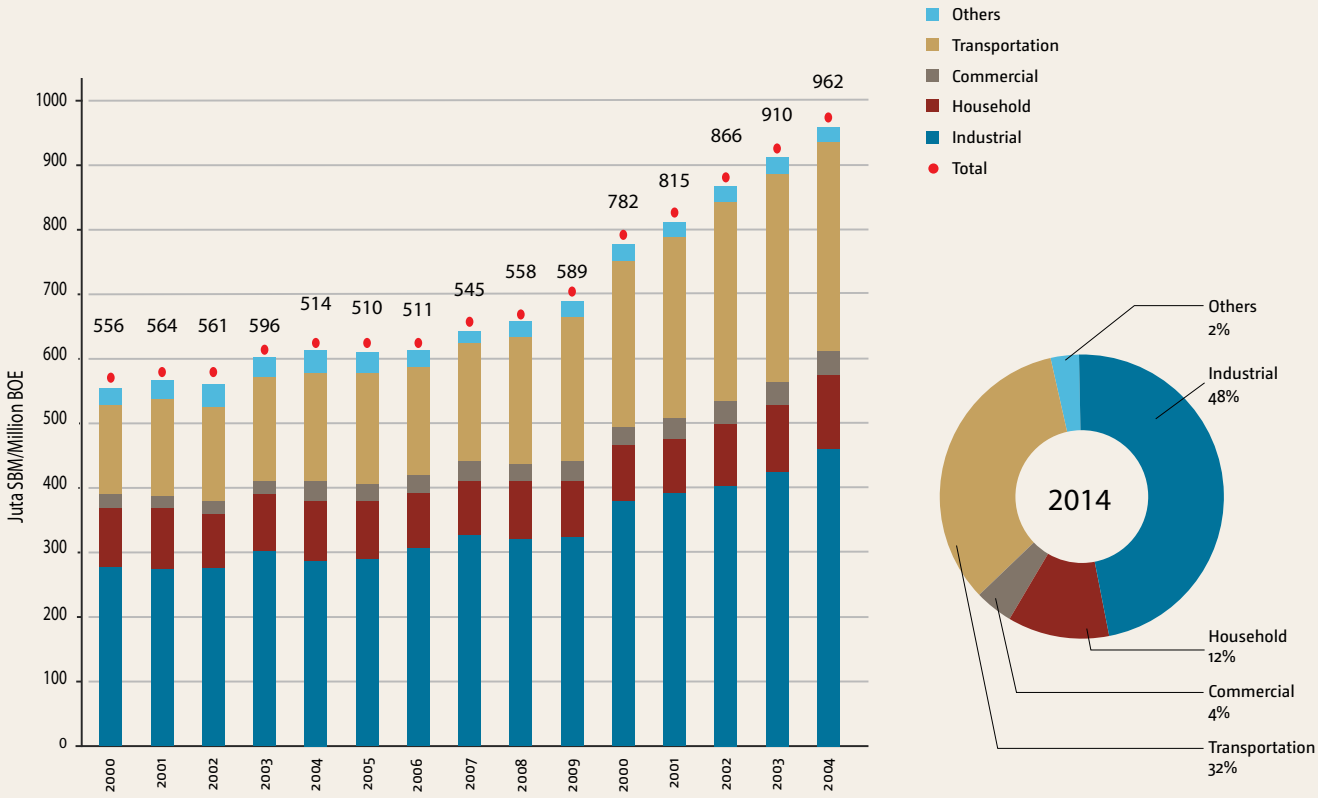

Source: BCG's Center for Customer Insight; The Economist Intelligence Unit; BCG analysis.
Note: See the sidebar, "Where 'Upper Middle Class' Begins in Different Part of Asia." for definitions of middle and upper middle class in the countries shown. Data for 2020 are estimates

## ALL OF INDONESIA'S MAC POPULATION IS GROWING, YET JAVA AND SUMATRA DOMINATE AND WILL CONTINUE TO DO SO




Source: BCG Population and Household Expenditure Database 2012; BCG Analysis.
Source: Boston Consulting Group Analysis

## FINAL ENERGY COMPSUMTION BY SECTOR




Source: Badan Pengkajian dan Penerapan Teknologi (BPPT) Outlook Energy Indonesia 2016

# PERFORMANCE OVERVIEW 01

# 01 PERFORMANCE OVERVIEW

**High Technology Measurement**

**PGN's applied high technology to simplify and improve the accuracy of gas utilization measurement. Regularly PGN's officers check the safety aspect of distribution pipeline.**



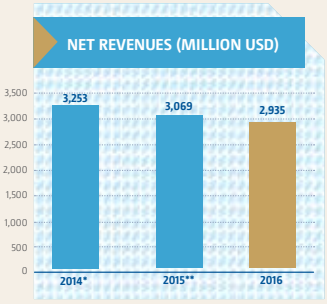
# FINANCIAL HIGHLIGHTS

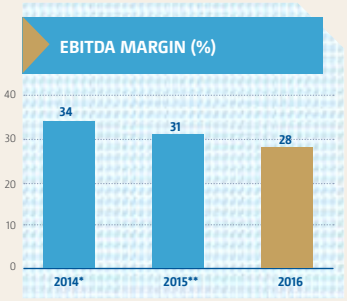
## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

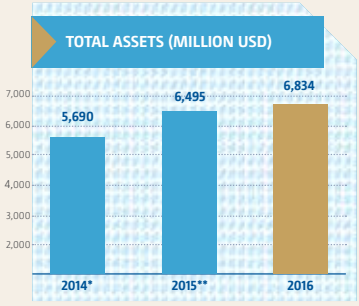
| | 2016 USD (Audited) | 2015** USD (Audited) | 2014* USD (Audited) |
|---|---|---|---|
| Net Revenues | 2,934,778,710 | 3,068,790,845 | 3,253,388,634 |
| Cost of Revenues | (2,047,838,771) | (2,105,680,228) | (1,967,906,099) |
| **Gross Profit** | **886,939,939** | **963,110,617** | **1,285,482,535** |
| Other Income | 62,126,336 | 94,536,121 | 48,492,738 |
| Distribution and transmission expenses | (220,401,617) | (201,231,465) | (224,976,796) |
| General and administration expenses | (234,003,179) | (190,418,733) | (208,194,851) |
| Other expenses | (50,419,256) | (108,753,637) | (43,483,142) |
| **Operating Profit** | **444,242,223** | **557,242,903** | **857,320,484** |
| Other Income (Expenses) | (59,257,077) | (119,878,320) | 70,845,685 |
| **Income before final tax benefits (expenses)** | **384,985,146** | **437,364,583** | **928,166,169** |
| Tax Expense – Net | (76,401,230) | (34,605,679) | (217,142,701) |
| **Profit for the year** | 308,583,916 | 402,758,904 | 711,023,468 |
| Other comprehensive incomes | | | |
| Changes in fair value of available for sale financial | 3,921,377 | (2,297,573) | 7,258,618 |
| Remeasurement of post-employment | 1,858,302 | 21,281,308 | (4,219,314) |
| Difference in foreign currency translation of | 885,148 | (3,131,231) | (1,118,323) |
| **Total Other Comprehensive Income** | **6,664,827** | **15,852,504** | **1,920,981** |
| **Total comprehensive income for the year** | **315,248,743** | **418,611,408** | **712,944,449** |
| Profit for the year attributable to: | | | |
| Owner of the parent entity | 304,324,421 | 401,199,880 | 711,179,798 |
| Non-controlling interests | 4,259,495 | 1,559,024 | (156,330) |
| **Total** | **308,583,916** | **402,758,904** | **711,023,468** |
| Total comprehensive income for the year attributable to: | | | |
| Owner of the parent entity | 310,669,477 | 416,193,057 | 712,932,890 |
| Non-controlling interests | 4,579,266 | 2,418,351 | 11,559 |
| **Total** | **315,248,743** | **418,611,408** | **712,944,449** |
| **EBITDA** | **807,374,809** | **951,221,280** | **1,114,474,001** |

*restated
**reclassified

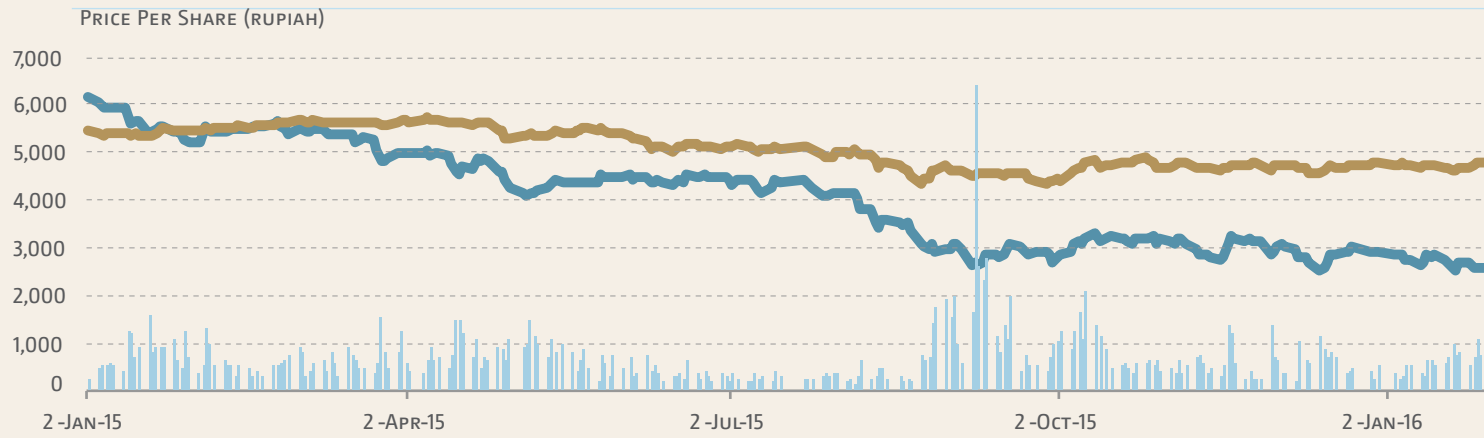
# FINANCIAL RATIOS




# 2015 – 2016 PGAS SHARES VALUE MOVEMENT



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 2016 USD (Audited) | 2015** USD (Audited) | 2014* USD (Audited) |
|---|---|---|---|
| Total Assets | 6,834,152,968 | 6,495,022,261 | 5,689,567,974 |
| Total Liabilities | 3,663,959,634 | 3,472,218,207 | 2,814,097,930 |
| Total Equity | 3,170,193,334 | 3,022,804,054 | 2,875,470,044 |
| Capital Expenditure | 433,245,372 | 789,756,429 | 1,891,326,349 |
| Net Working Capital | 1,309,302,342 | 1,055,210,656 | 1,065,840,731 |
| Total Investments in Associated | 427,438,815 | 387,948,711 | 403,517,140 |

*restated
**reclassified

## FINANCIAL RATIOS

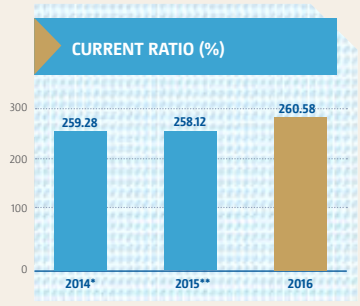
| | 2016 | 2015** | 2014* |
|---|---|---|---|
| Gross Profit Ratio (%) | 30.22 | 31.38 | 39.51 |
| Profit (loss) to revenues ratio (%) | 10.37 | 13.07 | 21.86 |
| EBITDA Margin (%) | 27.51 | 30.67 | 34.26 |
| Net Debt/EBITDA (X) | 1.89 | 1.60 | 0.56 |
| EBITDA/Interest Expense (X) | 6.10 | 8.81 | 16.03 |
| EBITDA/Interest Expense + Principal (X) | 3.18 | 5.03 | 8.51 |
| Current Ratio (%) | 260.58 | 258.12 | 259.28 |
| Debt to Equity Ratio (%) | 91.56 | 89.61 | 64.44 |
| Debt to Asset Ratio (%) | 42.47 | 41.71 | 32.57 |
| Profit (Loss) to Asset Ratio (%) | 11.81 | 14.49 | 19.59 |
| Profit (Loss) to Equity Ratio (%) | 10.62 | 15.30 | 32.86 |
| ROCE (%) | 7.32 | 11.57 | 18.90 |
| Price to Net Earning per Share Ratio (X) | 15.89 | 12.18 | 16.65 |
| Price to Book Value Ratio (X) | 1.56 | 1.62 | 4.12 |

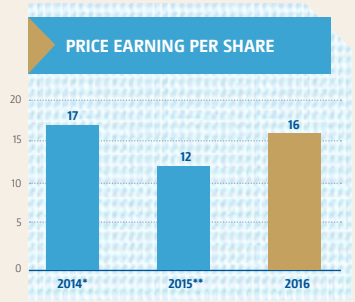
*restated
**reclassified

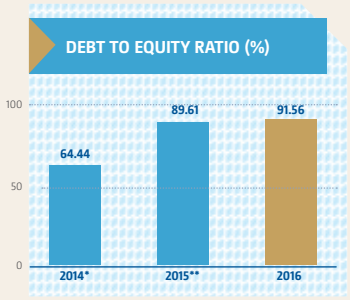
## SHARES DATA

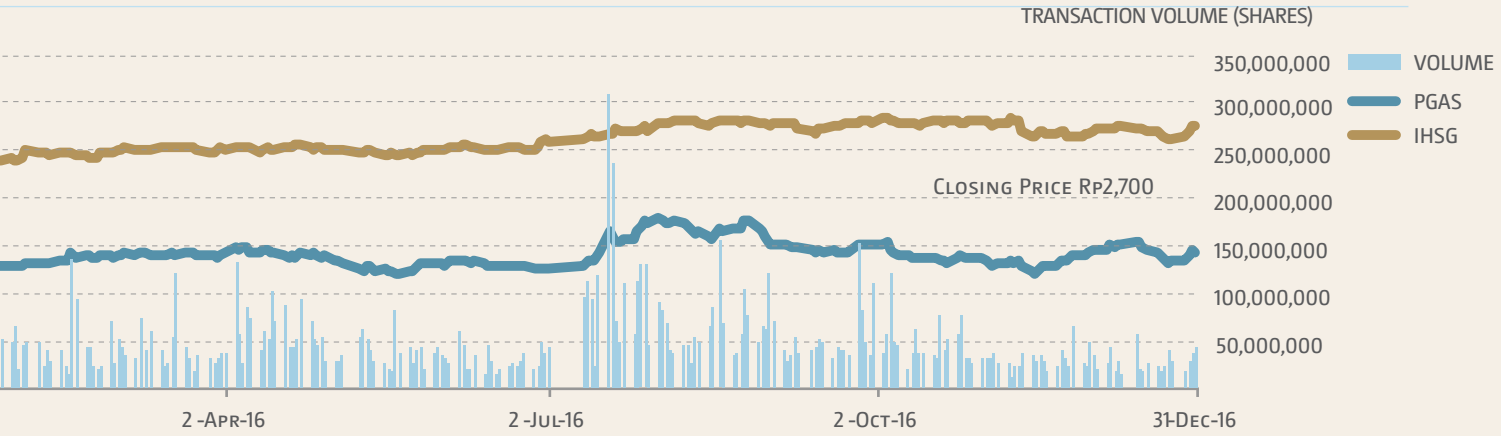
| | 2016 USD (Audited) | 2015** USD (Audited) | 2014* USD (Audited) |
|---|---|---|---|
| The Weighted Average Number | 24,241,168,169 | 24,239,658,196 | 24,239,658,196 |
| The Outstanding Common Shares (shares) | 24,241,508,196 | 24,241,508,196 | 24,241,508,196 |
| Net profit (loss) per share | 0.01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

*restated
**reclassified

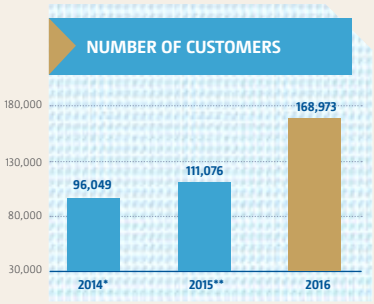


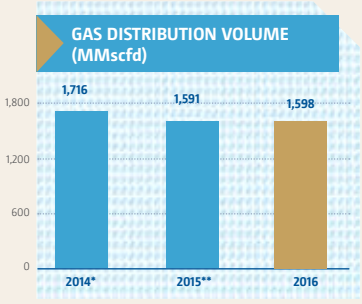



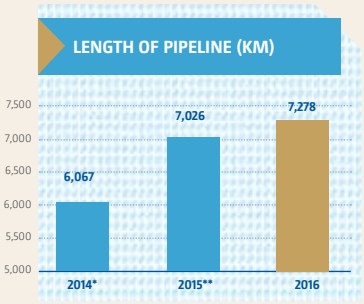



# OPERATIONAL HIGHLIGHTS




# STOCK HIGHLIGHTS

## 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) | 2,940.00 | 3,520.00 | 2,860.00 | 2,770.00 |
| Lowest Price (Rp) | 2,200.00 | 2,340.00 | 2,170.00 | 2,350.00 |
| Closing Price (Rp) | 2,700.00 | 2,870.00 | 2,340.00 | 2,615.00 |
| Average Trading Volume (Lot) | 336,031.00 | 713,460.76 | 414,884.49 | 370,761.87 |

## 2015 PGAS SHARE PRICE INFORMATION

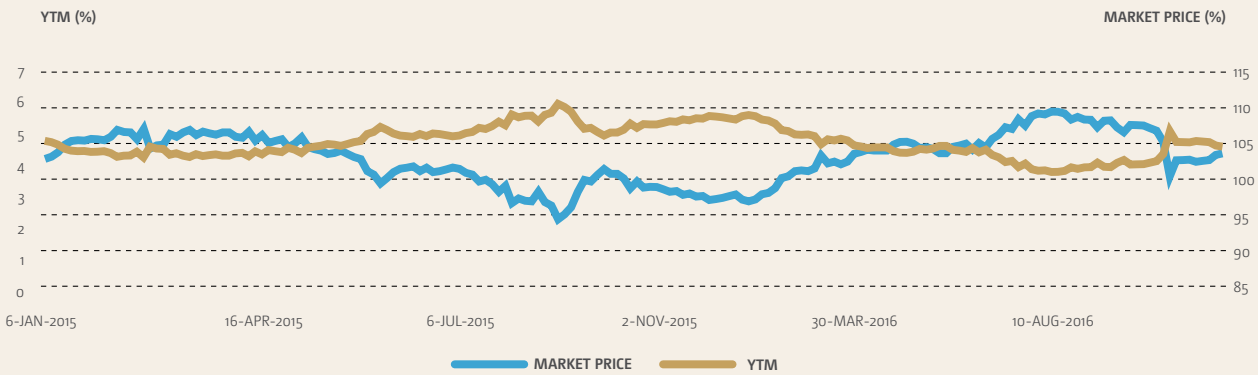
| | Q4 | Q3 | Q2 | Q1 |
|---|---|---|---|---|
| Number of Outstanding Shares (shares) | 24,241,508,196 | 24,241,508,196 | 24,241,508,196 | 24,241,508,196 |
| Market Capitalization (Rp) | 66,542,939,998,020 | 61,331,015,735,880 | 104,602,107,865,740 | 116,359,239,340,800 |
| Highest Price (Rp) | 3,160.00 | 4,350.00 | 4,890.00 | 6,050.00 |
| Lowest Price (Rp) | 2,310.00 | 2,150.00 | 3,855.00 | 4,600.00 |
| Closing Price (Rp) | 2,745.00 | 2,530.00 | 4,315.00 | 4,800.00 |
| Average Trading Volume (Lot) | 316,740.00 | 382,169.00 | 301,928.00 | 317,773.00 |

PGAS shares movement In 2016 was opened at Rp2,370 level and closed at Rp2,700. PGAS was at its highest point at Rp3,520 level on 2 August 2016 and reached the highest closing price at Rp3,430 level on 1 August 2016. Per 30 December 2016, PGAS was the 15th largest capitalization share on the Indonesia Stock Exchange and the 5th largest capitalization among the SOE in Indonesia with the market capitalization value amounted to Rp65.45 trillion.

## BOND HIGHLIGHTS

| Type of Shares | Value | Interest Rate | Due Date | 2015 & 2016 Ratings | |
|---|---|---|---|---|---|
| Guaranteed Notes | USD1,350,000,000 | 5.125% | 16 Mei 2024 | Standard & Poor | BB+ |
| | | | | Moody's | Baa3 |
| | | | | Fitch | BBB- |

# PGN BOND PRICE AND YTM (YIELD TO MATURITY) MOVEMENT 2015 - 2016



# REPORT TO THE SHAREHOLDERS 02

# 02 REPORT TO THE SHAREHOLDERS

**FSRU Lampung**

**PGN's offshore LNG receiving facility, located in the Province of Lampung, Provides Support to our tranding activity by delivering gas from LNG regasification to SSWJ pipeline.**


TO VENT MAST
PGN

# REPORT FROM THE BOARD OF COMMISSIONERS



**Fajar Harry Sampurno**
President Commissioner

Dear Shareholders,

PGN resisted strong industry headwinds to deliver a robust performance while continuing to invest in the Company's future as a pivotal player in Indonesia's energy landscape.




## ASSESSMENT OF MANAGEMENT PERFORMANCE

The slow pace of Indonesia's recovery from its economic downturn and the ongoing pressure on the price of crude oil continued to pose significant challenges for the Company in 2016. Although some much-needed stability was restored on several macroeconomic indicators, persistent deficit concerns led the government to curtail its infrastructure development spending, including the planned expansion of power generating capacity. For PGN's key customers in the power and industry sectors, the constrained economic conditions prolonged the weak demand environment for their output, with the result that their demand for natural gas remained stagnant. After plunging to a dramatic low in January 2016, the Indonesia crude oil price recovered steadily, but remained around the $40/bbl mark for much of the year. Energy customers therefore perceived a substantial weakening of natural gas's competitive advantage against oil, and adjusted their price expectations accordingly.

Despite these unfavorable operating conditions, the Company achieved solid results, exceeding its sales volume targets in distribution business segment with growth of 0.1% to 803 BBTUD resulting USD 2,539.44 million of revenue in 2016. Although lower transmission volumes contributed to a decline in revenue, a series of breakthroughs on efficiency enabled the Company to maintain its profitability and surpass its net profit target.

We appreciate the Board of Directors' actions to sustain demand during the year. The Company's access to LNG, the price of which is linked to the Indonesia crude price, gave the Board the flexibility to respond to customers' expectations of lower-

As PGN continues its journey toward becoming an integrated energy group, it continues to strengthen its comparative advantage.

priced gas, despite an aggregate increase in the purchase price of conventional natural gas. Despite a slight scale-back of planned capex plans in response to the subdued macroeconomic environment, the Company continued to invest in infrastructure development and optimization to increase customer connections in existing and emerging economic zones. The government has also continued to entrust PGN to implement its program to expand residential customers' access to low-cost, safe energy, assigning the Company to develop and operate the infrastructure. This was carried out alongside the Company's 'Sayang Ibu' initiative to connect to households. These to program resulting 57,702 additional residential connection in 2016.

The Board of Directors has also ensured continued investment in the Company's upstream strategy. Although the weak crude prices have adversely affected the revenue performance of PGN's E&P operator, PT Saka Energi Indonesia, the company has continued to perform efficiently, and we believe that this is an opportune time to invest in further strategic acquisitions.

As PGN continues its journey towards becoming an integrated energy group, it continues to strengthen its comparative advantage: the synergy generated by the deepening capabilities of the Company and its subsidiaries in the upstream and downstream sectors, which give PGN the unique ability to offer existing and potential customers a widely differentiated range of products and services to address their energy needs on a sustainable and cost-efficient basis.

## SUPERVISION OF THE BOARD OF DIRECTORS

The Board of Commissioners has a primary responsibility to exercise oversight over the management actions of the Board of Directors and to provide regular feedback and guidance. The strongly collaborative relationship between PGN's two Boards facilitates a frequent and open communication that allows for a rapid response to emerging challenges. Much of the supervisory work takes place through our monitoring visits to the field with the Directors, which take place more frequent. Decisions are then taken at the joint meetings with the Board of Directors, which are held at a minimum once a three month. A total of 7 joint meetings were held in 2016, with more than 12 special meetings with Directors to discuss specific concerns of Board of Commissioners. We also exercise supervision through the work of the Audit Committee, Risk Committee and Nomination and Remuneration Committee.

## ASSESSMENT OF GCG IMPLEMENTATION AND COMMITTEE PERFORMANCE

The Company recognizes that doing business responsibly is central to its vision of becoming a world-class gas company. We have overseen a number of improvements in the governance framework that will provide greater assurance to shareholders and stakeholders that their interests are being fully protected.

To address the increased exposure to risk as the scope of the business grows, we are taking a more proactive approach to risk management with more frequent meetings of the Risk Management and Business Development Monitoring Committee (Risk Committee). The Committee also made several site visits during the year to monitor the implementation of risk management directly at the operational level.

Following a thorough review of the Company's governance framework, we decided to dissolve the GCG committee and assign its functions to the Risk Committee. This will allow for more coherent and effective scrutiny of governance that will be more responsive to any issues that arise. The Committee is fully independent, comprising three professionals from outside PGN and one of our Independent Commissioners as chair.

The Audit Committee has continued to provide valuable support by exercising rigorous and independent supervision over the Company's financial disclosures and internal controls. We have followed up all their recommendations with the Board of Directors.

We were pleased to note that the Company's score on its annual external GCG audit has continued to improve and is among the highest of all the state-owned enterprises (score 93.94). We believe that this is a fair reflection of the concerted efforts to strengthen corporate governance over the year.

## OPINION ON BUSINESS PROSPECTS

The economic outlook for Indonesia in 2017 is generally positive, with the recovery expected to continue, albeit at a slow pace. The proceeds from the tax amnesty program in 2016 have given the government some fiscal space to resume its infrastructure spending, and we are now beginning to see some of the delayed projects come online. This will drive demand for electricity, particularly for the new and expanded airports that are scheduled to be built around the country, which offers an opportunity for PGN to continue to increase the role of gas in the power sector. We also expect to see an upturn in industry demand for both electricity and gas as the pace of economic activity picks up.

We therefore concur with the Board of Directors' assessment of PGN's prospects and believe that they have the right strategy in place to capture the upcoming growth opportunities. In the short term, the priorities will be to continue to drive demand for natural gas by drawing on the

Company's synergies to meet customers' needs more effectively; and to grow new markets, particularly in the power generation sector, by leveraging the Company's capability to supply natural gas to off-pipeline locations. At the same time we urge the Board of Directors to continue to exercise strict financial discipline.

We are pleased with the progress PGN has made towards becoming an integrated energy company, but given the Company's ambition to be a world-class operator in the natural gas sector by 2020, there is still much work to be done. We hope to see more aggressive growth, both upstream and downstream, to enable PGN not only to play a more prominent role in Indonesia's energy mix but also to take its place among global players.

The government is currently considering various options for the implementation of its strategy to consolidate several state-owned enterprises by creating a single holding company in each major economic sector. This could potentially increase synergies and reduce duplication and fragmentation in the sectors concerned, making them more competitive. However, the implications for each of the companies concerned must also be considered. PGN has commissioned an independent assessment of the potential impact and the results will be presented to the government. We will also continue to engage constructively with the government to ensure that the interests of all the shareholders are equally protected going forward.

## CHANGES IN THE COMPOSITION OF THE BOARD OF COMMISSIONERS

The General Meeting of Shareholders on 8 April 2016 honorably discharged Mr. Iman Sugema and Mr. Muhammad Zamkhani from their positions as Chairman and member of the Board of Commissioners, respectively. In their place, Mr. Kiswodarmawan was appointed as an Independent Commissioner and I was appointed as Chairman. I would like to take this opportunity to express the Board's appreciation for their contribution to the Company.

I would also like to convey my thanks to the Board of Directors and all our employees for their dedication during the year, and to the shareholders, customers and business partners for their continued trust. I am confident that PGN's strategic direction and underlying strengths have put the Company in a strong position to respond to Indonesia's energy needs and deliver value to all our shareholders and stakeholders over the coming year.



**Fajar Harry Sampurno**
President Commissioner

# REPORT FROM THE BOARD OF DIRECTORS



**Hendi Prio Santoso**
President Director

Dear Shareholders,

Despite an extremely challenging environment for the energy sector, PGN was able to meet its key strategic objectives and deliver growth within the target range by leveraging the strength of its energy portfolio and the synergies within the group.




## PERFORMANCE IN 2016

For the energy sector, the slight upturn of the global economic condition and particularly in Indonesia which is seen in the GDP growth to 5.01% in 2016 was largely offset by the continued pressure on the crude oil price, which has remained volatile after dropping dramatically from the USD100-120 range some 18 months ago to USD40/barrel in average in 2016. This has significantly eroded the price competitiveness of natural gas.

The global economic slowdown also resulting in the hampering the increasing of gas consumption by many industries and other gas users. At the same time, demand for natural gas from the power generation and industry sectors has remained subdued as the slow pace of recovery failed to drive a significant resumption in their activities. In addition, we were also facing expectation from the customers to deliver a lower cost of gas but in the meantime our cost was not able to decline to follow the proportion of the expectation. These conditions also impact the Company's revenue. Yet we manage to compensate some of this expectation by utilizing our LNG Facility, since as commonly applicable in oil and gas industry, LNG price is formed based on crude oil price.

Through the lens of this unfavorable market backdrop, PGN delivered a relatively solid performance with growth within our target range.

The Company continued to demonstrate its resilience, with solid cash flow and an uptick in the rating reflecting its robust fundamentals.

In response to the growing scope of the business and the uncertainty in the business environment, PGN took steps to strenghten our risk management structure and intensify controls relating to ethical conduct

**Addressing the challenges**

In 2016 the crude oil price sank to its lowest level for the last decade, averaging USD 40 per barrel for much of the year. Despite a slight adjustment to the USD 55 level towards the end of the year, energy prices are still struggling to find a new equilibrium. This has had a profound impact on the gas industry, not least on the expectations of our customers.

We were able to minimize the impact of the adverse market conditions on sales volume by driving efficiencies, maintaining a responsive and proactive relationship with our customers and continuing to seek out new opportunities.

Our company-wide efficiency programs have already yielded a reduction in operational expenditure and have begun to give us better visibility as well as a more rational allocation of costs. This has been supported by PGN's transformation as we reorganize our operational activities more efficiently through our subsidiaries.

Customer expectations that the lower energy prices would be passed on to them in the form of lower gas prices were not matched by the reality that our production costs did not decline commensurately. We addressed this by increasing the proportion of LNG, the price of which is linked to the crude price, which enabled us to lower costs to meet some of the expectations. Recognizing the importance of stepping up our responsiveness during this challenging period, we increased the quality of our engagement with customers through gatherings, site visits and our centralized contact center that operates 24/7.

We also worked hard to communicate PGN'S proposition more effectively, particularly to the power sector, by highlighting the benefits of capability our network. PGN delivers not only a commodity that is clean, efficient and still relatively cheap, but also the flexibility to adjust to a wide range of customer demands. PGN believes that these attributes deliver a tremendous value-add for our customers.

## STRATEGY EXECUTION

**Optimizing Infrastructure Assets**

The weak market conditions prompted us to review our infrastructure development strategy in 2016. In response to the contraction in demand, particularly from our major customer, PLN, we sought greater efficiency in our capital expenditure and focused on optimizing existing assets. We therefore developed a series of initiatives, which included reconfiguring existing pipelines to expand sales, and monetizing pipeline-related capabilities to create new revenue streams, to improve the efficiency and profitability of our pipeline networks.

We also continued to address the issue of last mile connections, recognizing that bridging the gap between the pipeline and the end user is the key to growing sales. To expand the market for CNG, we introduced our new CNG 'cradle' technology, which provides customers with a cheaper, safer and more environmentally friendly alternative to LPG. Encouraged by the response to its limited roll-out in the restaurant sector, we are now developing the systems and infrastructure to support its expansion to a wider market. We also maintained our focus on innovation to accelerate the penetration of natural gas products and services in new markets.

## SECURE SUPPLY THROUGH UPSTREAM AND LNG DEVELOPMENT

In 2016 PGN continued to participate effectively in the upstream sector through our subsidiary, PT Saka Energi Indonesia. Although Saka's revenues were negatively impacted by the declining oil price, it achieved its production targets, and an aggressive efficiency program ensured that the company did not make an operating loss. In addition to being one of the few upstream companies to continue exploration drilling in 2016, Saka acquired a new participating interest in the Sanga-Sanga block in Kalimantan.

LNG from PGN's floating storage and receiving units (FSRU) helped to ensure that we had sufficient supply to fulfil demand. In 2016 we delivered eight cargoes of natural gas from LNG Tangguh to the market in West Java through FSRU Lampung. PGN believes that the majority of Indonesia's gas needs will be supplied by LNG in future as most of the country's remaining reserves are far from the existing pipeline network. In anticipation of this, we continue to explore initiatives and prepare the infrastructure that will further raise the profile of LNG in our portfolio and in the market.

## REACH MORE HOUSEHOLD CUSTOMERS

We continued to expand our natural gas distribution infrastructure to enable households to benefit from cheap, clean energy. In 2016, we have connected 57,702 households through our 'Sayang Ibu' program in six cities and through assignment from the government's residential gas initiative, for which PGN is constructing and operating the infrastructure. In 2016, PGN managed a total of 165,392 residential customers.

## ADVOCATE FOR MORE SEAMLESS ENERGY POLICY PLANNING

In a vast, rapidly-growing archipelagic nation that is still substantially underserved by transport and energy infrastructure, balancing the country's competing energy demands with the complex issues of supply is a challenge. At present, upstream and downstream planning is done by separate agencies; moreover, infrastructure planning is also done independently. PGN believes that the country would benefit from a more coordinated approach to ensure more seamless policies that are aligned from end to end of the energy value chain. Among other benefits, this would create more certainty for investors and reduce some of the current bottlenecks in energy infrastructure development. The Boards continued to communicate this position to policy makers during the year.

## PGN'S TRANSFORMATION

PGN's transformation continued in 2017 as the Company made two major changes in the holding structure. Firstly, the Household Gas Network Service Unit was established to manage the construction, operation and maintenance of distribution pipelines, and optimize gas sales of the Distribution Pipeline Network of Households that assigned by the Government. Secondly, PGASCOM was reassigned from the Director of Strategy and Business Development to the Director of Human Capital and General Services in order to facilitate the reorientation of the ICT business management to a group services function.

The vision for 2020 is for PGN to be an integrated energy solutions provider. By this date, PGN will have transitioned to a full holding company role, performing overall strategic and control functions to coordinate the operational business, which will be carried out entirely by the subsidiaries. Our expectation is that this will create 'One PGN', which will unlock more of the potential synergies within the PGN group and result in a more agile, streamlined and responsive business. The current external situation has highlighted the necessity of the transformation and given us a clearer perspective of the way forward as we adjust to the 'new normal'.

## HUMAN CAPITAL

As the corporate transformation progresses, PGN is realigning the management and development of the workforce to meet the new demands of the business. We have mapped out the critical capabilities and qualities needed to meet PGN's mid- to long-term strategic objectives and put in place an ambitious succession and talent management program to ensure that the Company has a strong pipeline of future leaders at various levels of management.

To move towards the 'One PGN' goal, we have prioritized efforts to embed a unified PGN culture and mindset among the subsidiaries by creating change agent teams in each business unit to engage employees in the fully in the process. Employee engagement is critical to the success of the transformation, and creating regular opportunities for meaningful dialog between management and employees on the purpose and implications of the changes has been high on the agenda.

## GCG IMPLEMENTATION

Earning the trust of our stakeholders by doing business responsibly is crucial to the long-term sustainability of our Company. PGN's corporate governance framework clearly defines the roles, responsibilities and processes that govern all our operations in order to provide assurance on the accountability and integrity of the business and its management.

The implementation and efficacy of this framework is reviewed every year by independent assessors in an audit of the Company's good corporate governance compliance, based on the indicators set out in Minister of State-Owned Enterprises Regulation SK-16/MBU/2012 dated June 6, 2012. We have registered an improvement each year since the audit was introduced in 2009, raising our score in 2016 to 93.94%, one of the highest scores of all the SOEs that were audited.

In response to the growing scope of the business and the uncertainty in the business environment, we took steps to strengthen our risk management

structure and intensify controls relating to ethical conduct. We worked with the Indonesian Anti-Corruption Commission to develop and roll out policies on conflict of interest and gratuities, including a rule that makes asset disclosure compulsory at several levels of the organization beyond senior management, and links it to promotion and annual bonuses.

We continued the development of comprehensive guidelines for various critical aspects of governance, including PGN's whistleblower system, and updated the Board manual to reflect the redistribution of responsibilities introduced as part of our ongoing transformation.

Over the last few years, PGN has taken a lead among SOEs in embracing its responsibility to make a positive impact on the communities in and around which we operate; PGN's CSR program was recently commended by Indonesia's House of Representatives as being one of the best of its kind. Through our comprehensive community development initiatives we seek not only to improve access to quality health and education facilities, but also to promote local economic development through support to small enterprises, such as an initiative in 2016 to develop sustainable tourism in several villages close to Yogyakarta.

## BUSINESS PROSPECTS

Most economic growth forecasts for 2017 indicate a slight uplift in the economy. The government has projected a GDP growth rate of 5.3%. The anticipated acceleration of infrastructure spending, alongside increasing confidence in the economy on the back of the government's economic reform packages and the relative stability of 2016, is expected to stimulate investment over the year. This scenario will see a resumption of economic activity and an increase in demand for electricity; however, it will take time for this to filter through the economy, and natural gas demand is expected to remain relatively flat throughout most of 2017.

Over the longer term, the outlook is positive: there is still tremendous scope for growth in Indonesia, given the country's size, its relatively robust economic growth and expanding population. PGN will therefore continue to pursue our key strategic objective of growing demand for natural gas by improving our product and service offer.

To do this we will become a more customer-facing business. This will entail forging closer coordination with our customers to understand and address their needs more proactively, and enable them optimize their gas utilization. We will also continue to seek opportunities to increase gas penetration in new geographies, both on and off pipeline, to serve the power generation, palm oil and mineral processing sectors, among others.

We will also continue to increase the role of LNG in the energy mix. Going forward we will inevitably see a decline in the production of conventional pipeline gas, leaving a gap that should be filled increasingly by LNG. We believe that to ease the transition, a hybrid pricing mechanism should be implemented. We will also continue to invest behind the development and application of CNG and other unconventional gas fuels.

A central priority will be to underpin these strategies by optimizing the synergies between our subsidiaries so that we can deliver seamless solutions to all our customers.

We will continue to engage with the government on energy policy issues in support of the development and implementation of a coordinated, long-term energy vision aligned with the country's development objectives.

## CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

There was a change in the composition of the Board in April 2016 as three of our Directors, Mr. Mochtar Riza Pahlevi Tabrani, Mr. Djoko Saputro and Mr. Jobi Triananda Hasjim, came to the end of their terms. All three have been appointed to CEO positions in other state-owned enterprises, which is a strong endorsement of their capacity as individuals and reflects the Government's confidence in the way our business has been managed. We would like to express our sincere thanks to them for their significant contributions to PGN and wish them well for the future.

In their place we welcomed Mr. Nusantara Suyono as Director of Finance, Mr. Dilo Seno Widagdo as Director of Infrastructure and Technology and Mr. Danny Praditya as Director of Commerce. All bring with them considerable capabilities and experience, both from within the PGN group and outside, that will benefit the development and implementation of our strategies going forward.

This has been a challenging year. On behalf of the Board I would like to extend my thanks to all our employees for their commitment to our vision, which is reflected in the hard work they have put in to address the challenges. Our thanks are also due to all our stakeholders, particularly our customers, business partners and the Government, for their ongoing support. We believe that PGN continues to present a strong proposition in Indonesia's current and future energy landscape, as an integrated gas company with the end-to-end capabilities and infrastructure to supply clean energy to the nation. We look forward to continuing to create value for our stakeholders by strengthening the role of natural gas in Indonesia's development over the year ahead.



**Hendi Prio Santoso**
President Director

# STATEMENT LETTER
# MEMBERS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS REGARDING RESPONSIBILITY FOR THE CONTENT OF THE ANNUAL REPORT 2016 PT PERUSAHAAN GAS NEGARA (PERSERO) Tbk

We the undersigned declare that all the information included in the Annual Report 2016 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, 10 April 2017

| President Director | Director of Finance | President Commisioner | Independent Commisioner |
|---|---|---|---|
| HENDI PRIO SANTOSO | NUSANTARA SUYONO | FAJAR HARRY SAMPURNO | KISWODARMAWAN |
| Director of Infrastructure and Technology | Director of Strategic and Business Development | Commisioner | Commisioner |
| DILO SENO WIDAGDO | MUHAMMAD WAHID SUTOPO | TIRTA HIDAYAT | MOHAMAD IKHSAN |
| Director of Commerce | Director of Human Capital and General Services | Commisioner | Independent Commisioner |
| DANNY PRADITYA | HENDI KUSNADI | IGN WIRATMAJA PUJA | PAIMAN RAHARJO |

# COMPANY PROFILE 03

# 03 COMPANY PROFILE



**NAME**
PT Perusahaan Gas Negara (Persero) Tbk

**BUSINESS FIELDS**
Natual gas transmission and trading

**OWNERSHIP**
The Republic of Indonesia 56,96%
Public 43,04%

**DATE OF ESTABLISHMENT**
13 May 1965

**LEGAL BASIS OF ESTABLISHMENT**
PP No.19/1965

**AUTHORIZED CAPITAL**
Rp7,000,000,000,000

**ISSUED AND FULLY PAID-UP CAPITAL**
Rp2,424,150,819,600

**LISTING IN STOCK EXCHANGE**
The shares of the Company have been listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange on 15 December 2003 with Stock Code: PGAS

**CONTACT CENTER**
Phone : 1500 645
Email : contact.center@pgn.co.id

**HEAD OFFICE**
PT Perusahaan Gas Negara (Persero) Tbk
Jl. K.H. Zainul Arifin No. 20, Jakarta 11140, Indonesia
T. (62-21) 633 4838, 633 4848, 633 4861
F. (62-21) 633 3080
PO BOX 1119 JKT
www.pgn.co.id

**CORRESPONDENCE ADDRESS:**
The Manhattan Square Building, Mid Tower, 26th Floor,
Jalan T.B Simatupang Kav. 1S, Jakarta 12560, Indonesia
T. (62-21) 80641111
F. (62-21) 6333080
E. contact.center@pgn.co.id
www.pgn.co.id



# THE COMPANY'S LOGO



### 1859-1965

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




### 1965-1994

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




### 1994-2003

A fire flame that 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.

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.

## TAGLINE

### 'ENERGY'

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

### 'FOR LIFE'

- 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 MILESTONES

## 1859

PGN is a state-owned company that was initiated on 1859 when it was named L.J.N. Eindhoven & CO Gravenhage Firm.

## 1965

On 13 May 1965, based on the Government Regulation Number 19 Year 1965, PGN was defined as a State Company and known as "Perusahaan Gas Negara".

## 1994

Based on the Government Regulation Number 37 Year 1994, the status of PGN changed followed by the addition of a broader business scope, namely other than in the area of natural gas trading also in the area of transmission, where PGN serves as the transporter.

## 2003

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

## 2007

On 25 October 2007, the gas pipeline of SSWJ II Grissik – Pagardewa segment was inaugurated by the Minister of State for 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.

## 2008

PGN exercised the split of PGAS shares par value (stock split) with a ratio of 1 (one) share exchanged with 5 (five) shares with a nominal value of Rp100 per share so that the number of shares is 22,967,185,965 shares.

## 2010

Conducted the SOE Synergy with Pertamina through the establishment of a joint venture company, PT. Nusantara Regas that operates the Floating Storage & Regasification Unit (FSRU) in West Java with a capacity of 400 MMscfd. This FSRU is the first LNG Receiving Facility in Indonesia.

## 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 (PLI). The PLI's scope of business among others engages in the supply of LNG and natural gas, storage activities including regasification to buyers, as well as in other LNG business activities.

## 1998

PGN succeeded in completing the Transmission Pipeline of Grissik – Duri which then followed by the establishment a Subsidiary Company in the field of Transmission that is PT Transportasi Gas Indonesia (TGI).

## 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.

## 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

In accordance with the Government's assignment, PGN started the construction and management of household natural gas network project in Batam, Surabaya, and Tarakan, after earlier in 2015 PGN was assigned to manage the household natural gas network that was built by the Central Government in 11 regions, i.e among others Jabodetabek, Palembang, and Surabaya.

PGN had an organization transformation to adjust the company's development and encounter the business competition in oil and gas sector. Together with its subsidiaries and affiliations in the form of ONE PGN, established its stride to the next level towards the world-class company in the gas industry.

# LINE OF BUSINESSES

## BUSINESS ACTIVITIES

Pursuant to the PGN's Articles of Association as lastly amended by the Deed No. 23 dated 6 April 2015, 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 Java Sea 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 (customers contacts, disruption handling) that PGN serve for our end customer.

PGN divided its business activities into 4 (four) principal business segments, which are:

1. Natural gas transmission businesses
2. Natural gas trading business
3. Natural gas and oil business
4. Other businesses, i.e telecommunication, services, constructions and maintenance of pipeline networks, building management, and financial lease align with the company's business strategy.

In 2011, the Company developed its capability in the activities of natural gas and oil upstream, 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 natural gas and oil upstream business activities as the company's business segment.

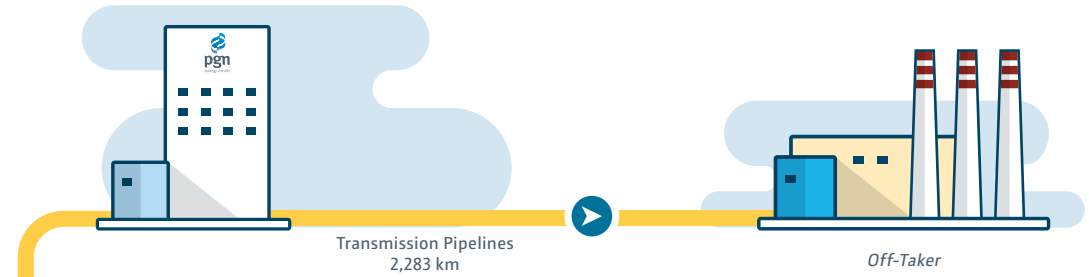
## PGN SYNERGY, AN INTEGRATED SOLUTION

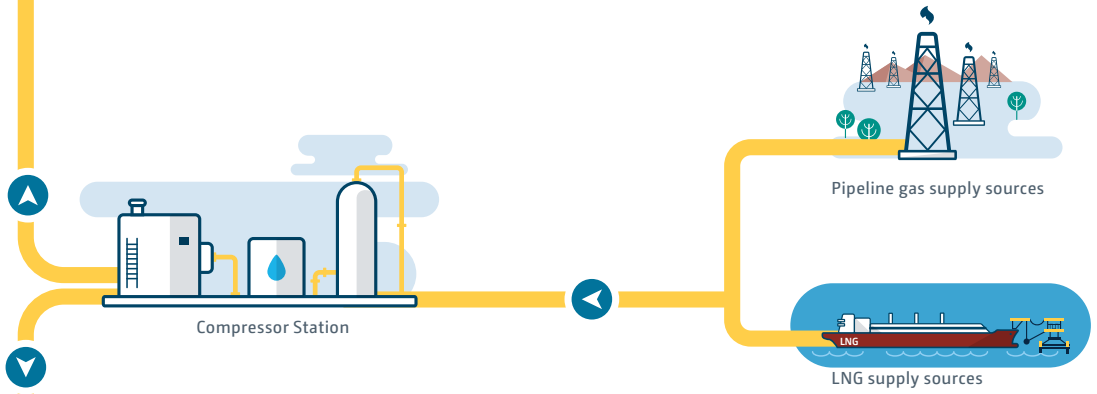
PGN has grown into a natural gas provider with an integrated infrastructures that provides the most complete solution in the market. The establishment of Subsidiaries was intended for supporting the core business and strengthening the Company's position in the efforts to increase the domestic natural gas utilization.

# BUSINESS UNITS

## GTA (Gas Transportation Agreement)

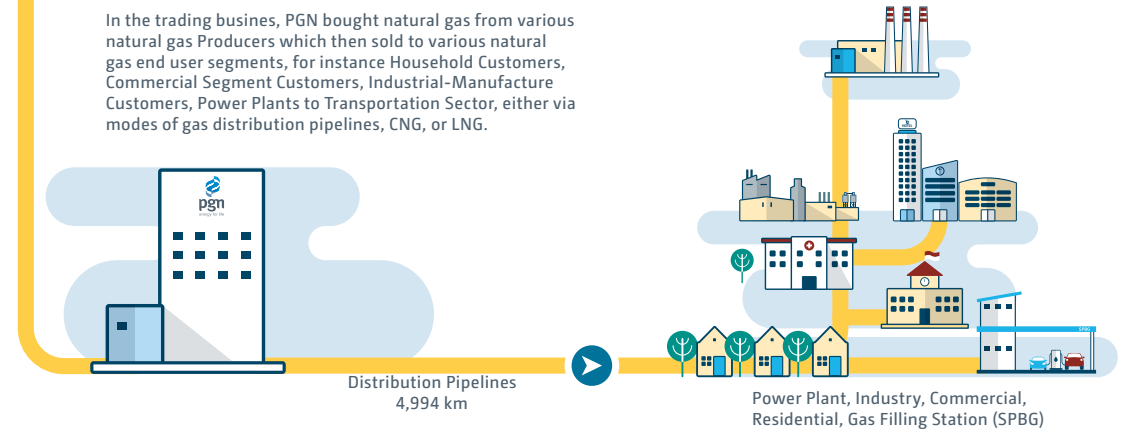
PGN and TGI role as the gas carrier through transmission pipelines by charging toll fees




## GSA (Gas Sales Agreement)

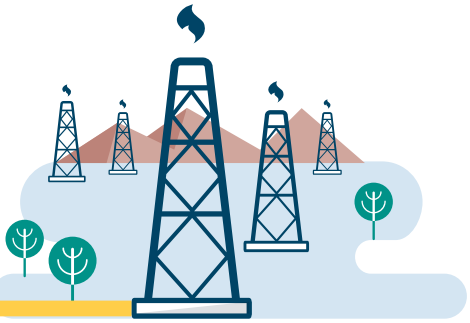
In the trading busines, PGN bought natural gas from various natural gas Producers which then sold to various natural gas end user segments, for instance Household Customers, Commercial Segment Customers, Industrial-Manufacture Customers, Power Plants to Transportation Sector, either via modes of gas distribution pipelines, CNG, or LNG.

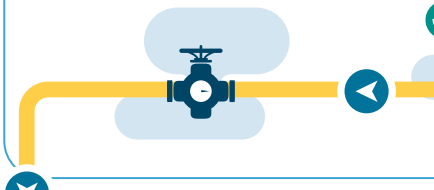


# ONE PGN SYNERGY

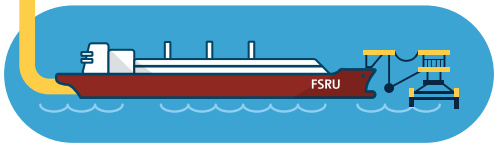
## UPSTREAM

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



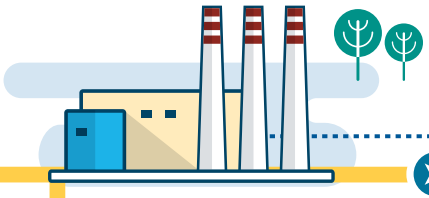


**Compressor Station**
Increasing gas pressure in delivering natural gas. Compressor Station located in Sumatera Island.




**Floating Storage Regasification Unit (FSRU)**
FSRU convert the LNG to high quality natural gas. FSRU Lampung is located on offshore of South Sumatera

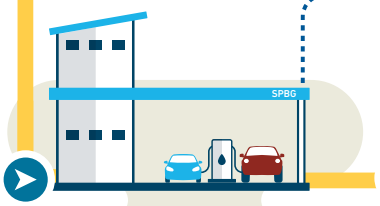
PGN has 2 LNG regassification facilities, that is FSRU Lampung and FSRU Jawa Barat.



**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.



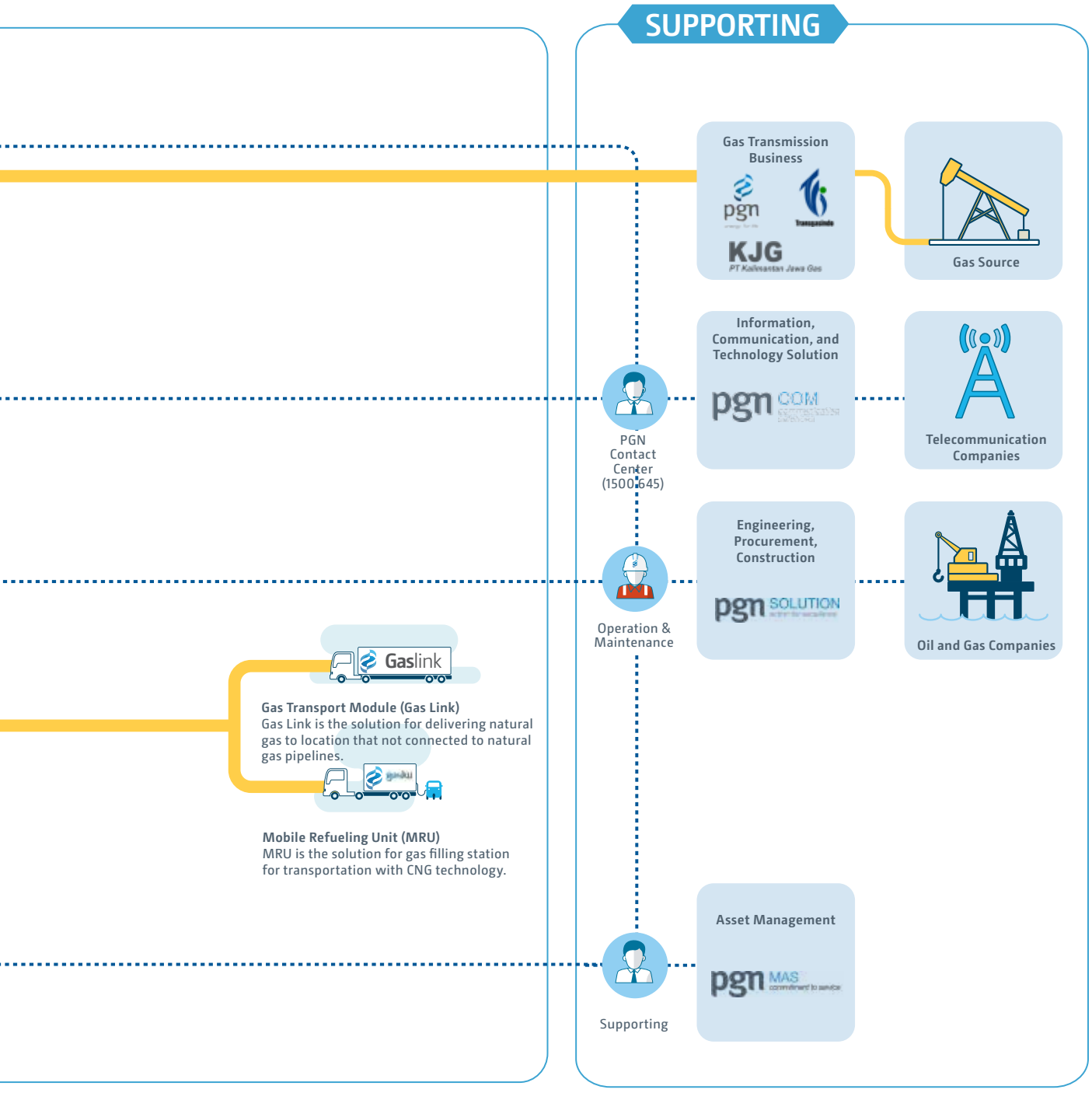

**Gas Filling Station (SPBG) and Mobile Refueling Unit (MRU)**
PGN operating 15 SPBG and MRU to customer in transportation sector in 8 big city thorough out Indonesia.



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

## DOWNSTREAM

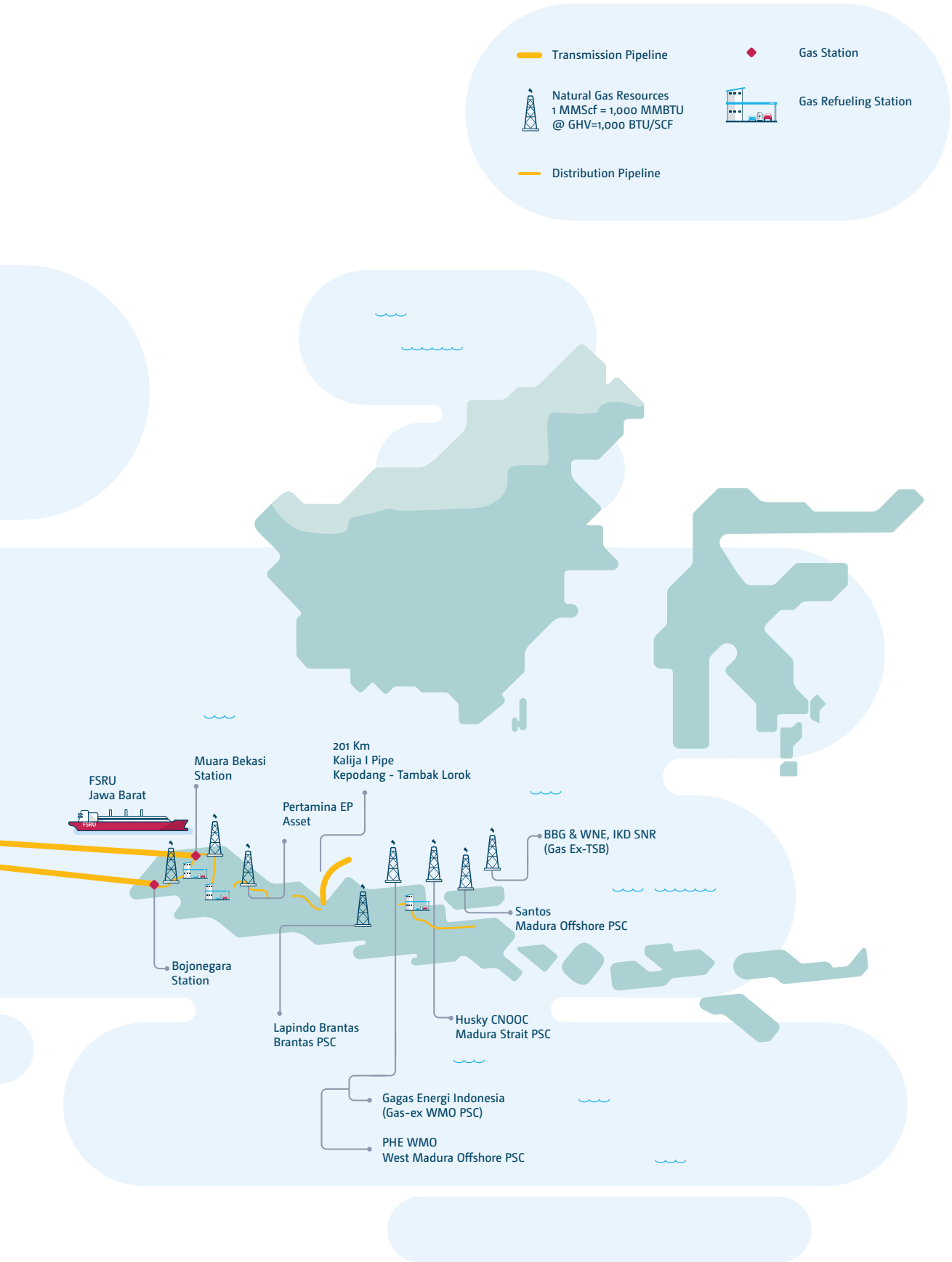
In order to meet the customers' expectations and improve the customers' satisfaction, PGN provide an integrated services to customers that supported by the expertise from each Subsidiary Company. Our subsidiary Company's expertises are natural gas distribution through transmission pipelines, ICT Solution supply, network / gas equipment maintenance supplies and services, assets and building management, as well as energy solutions through CNG.



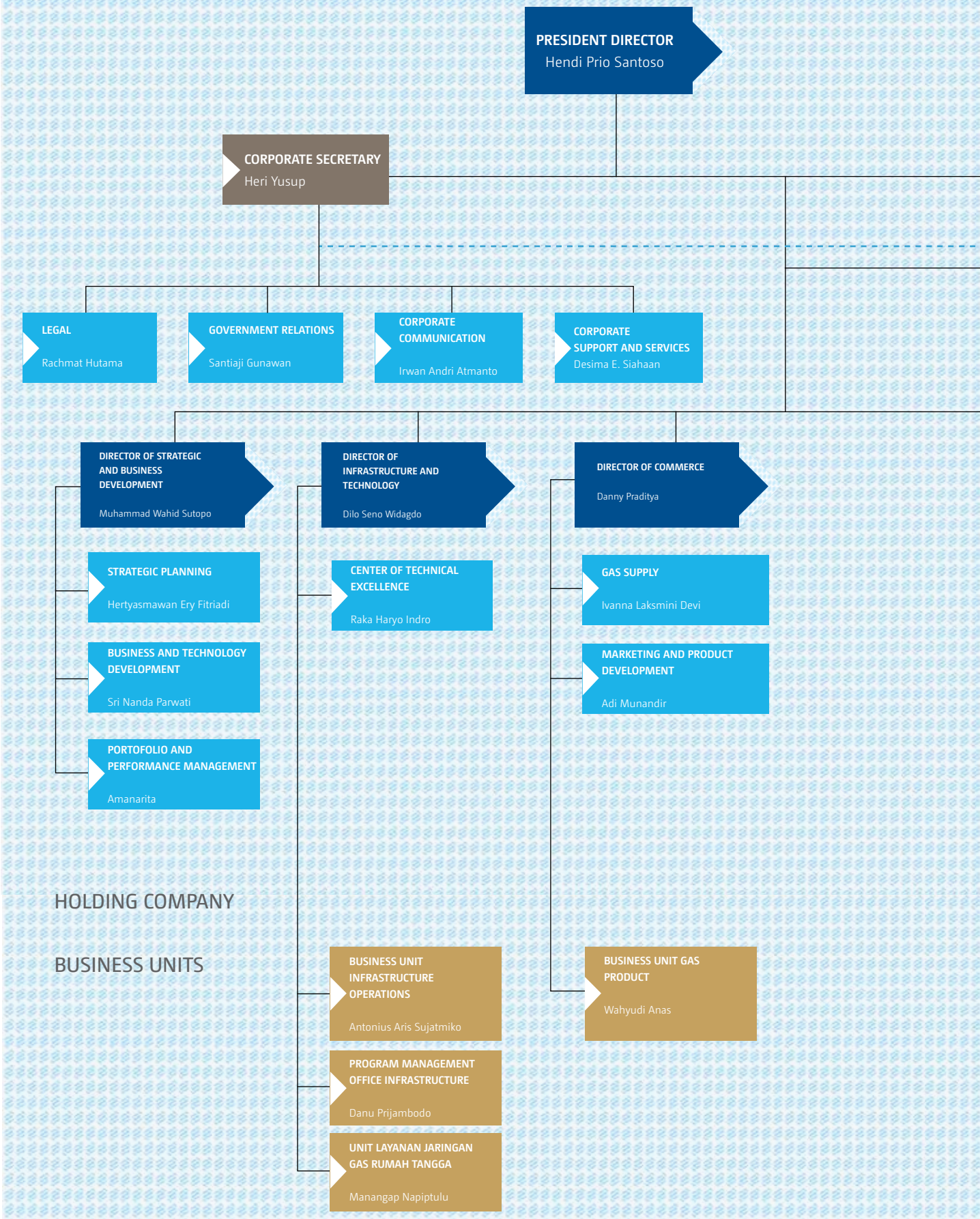
# GAS SOURCES AND NATURAL GAS INFRASTRUCTURES

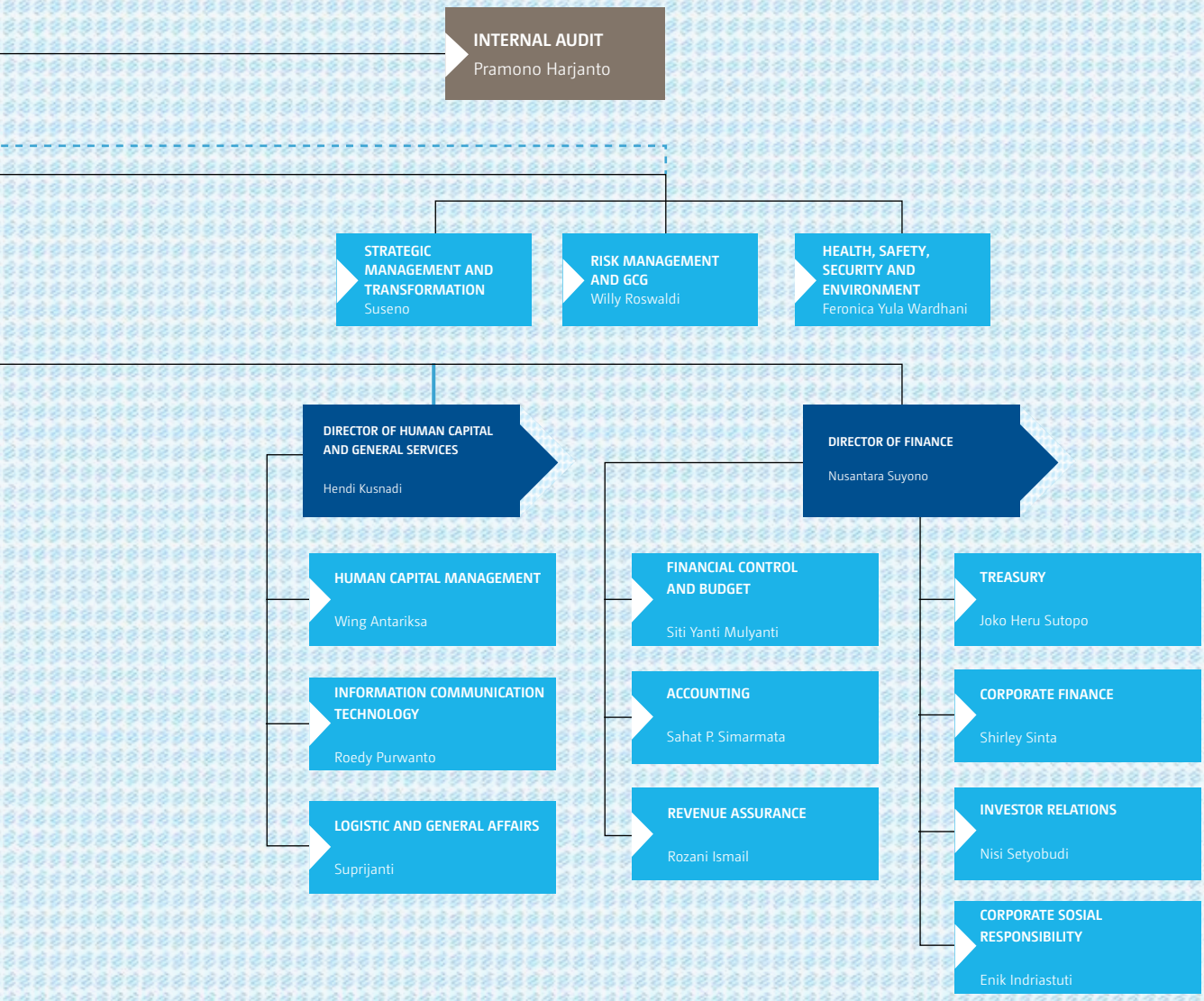
PGN integrates the natural gas infrastructure in Indonesia and sought the utilization domestic natural gas by promote natural gas access to the whole society and users. Currently, PGN has operated in 18 cities, 10 provinces in Indonesia by serving power plant customers, industrial customers, commercial sector customers, household customers, and transportation segment.




Transmission Pipeline
Gas Station
Natural Gas Resources
1 MMScf = 1,000 MMBTU
@ GHV=1,000 BTU/SCF
Gas Refueling Station
Distribution Pipeline
FSRU
Jawa Barat
Muara Bekasi
Station
201 Km
Kalija I Pipe
Kepodang - Tambak Lorok
Pertamina EP
Asset
BBG & WNE, IKD SNR
(Gas Ex-TSB)
Santos
Madura Offshore PSC
Bojonegara
Station
Lapindo Brantas
Brantas PSC
Husky CNOOC
Madura Strait PSC
Gagas Energi Indonesia
(Gas-ex WMO PSC)
PHE WMO
West Madura Offshore PSC

# ORGANIZATION STRUCTURE




INTERNAL AUDIT
Pramono Harjanto
STRATEGIC MANAGEMENT AND TRANSFORMATION
Suseno
RISK MANAGEMENT AND GCG
Willy Roswaldi
HEALTH, SAFETY, SECURITY AND ENVIRONMENT
Feronica Yula Wardhani
DIRECTOR OF HUMAN CAPITAL AND GENERAL SERVICES
Hendi Kusnadi
DIRECTOR OF FINANCE
Nusantara Suyono
HUMAN CAPITAL MANAGEMENT
Wing Antariksa
INFORMATION COMMUNICATION TECHNOLOGY
Roedy Purwanto
LOGISTIC AND GENERAL AFFAIRS
Suprijanti
FINANCIAL CONTROL AND BUDGET
Siti Yanti Mulyanti
ACCOUNTING
Sahat P. Simarmata
REVENUE ASSURANCE
Rozani Ismail
TREASURY
Joko Heru Sutopo
CORPORATE FINANCE
Shirley Sinta
INVESTOR RELATIONS
Nisi Setyobudi
CORPORATE SOSIAL RESPONSIBILITY
Enik Indriastuti

## 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 8 January 2015

## COMPANY'S CULTURE

# THE COMPANY'S CULTURE

The Company's culture is a combination of the corporate values and beliefs principles in behave, act, and make decisions during running 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 Circe 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 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 12 May 2009 concerning the Guidelines for Corporate Cultures.

# 5 PGN'S CULTURES




The 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, briberies, 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.

I PROFESSIONALISM



II CONTINUOUS IMPROVEMENT



III INTEGRITY



IV OCCUPATIONAL SAFETY



V EXCELLENT SERVICE



Always provide the best results by improving the competence in its field and be responsible for every action and decision were taken.

1 Competent at its Field

2 Responsible

Committed to conducting continuous improvement.

3 Creative, innovative, and implementative

4 Adaptive to changes

Honest with ourselves or others. Consistent with thoughts, words, and deeds based on noble ethical standards.

5 Honest, open, and positive thinking

6 Discipline and consistent

Constantly prioritize the occupational safety and health, both for ourselves and the surrounding environment.

7 Prioritize the occupational safety and health

8 Care for the social and natural environment

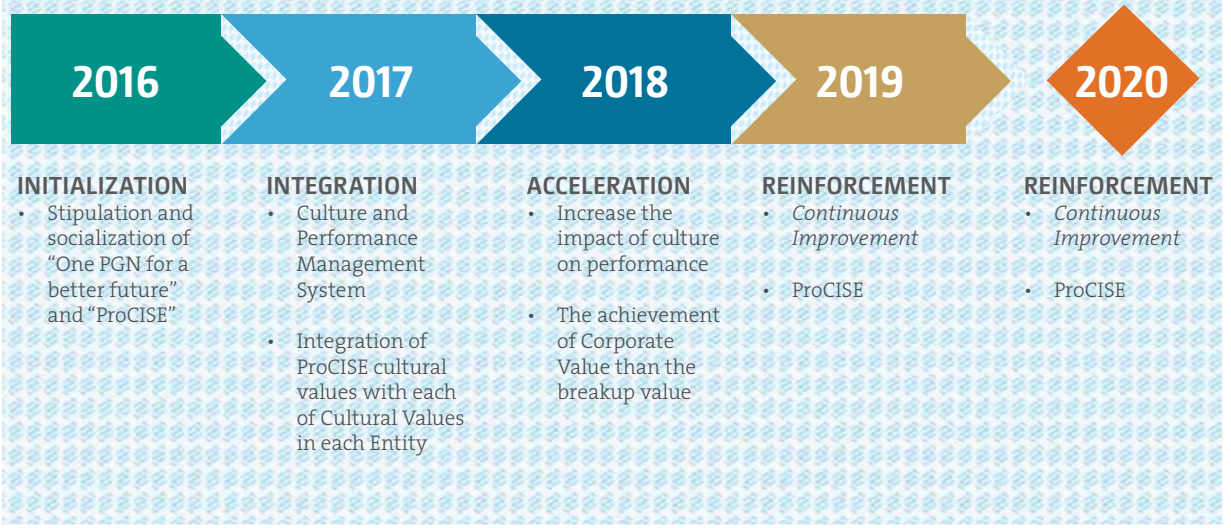
Prioritize the satisfaction of internal or external customers by providing best services

9 Prioritize the satisfaction of internal and external customers

10 Pro-active, quick, and accurate response

# THE IMPLEMENTATION OF THE COMPANY'S CULTURES

## ROADMAP COMPANY'S CULTURES




ProCISE as the company's cultures will be implemented up 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.

### 1. PROGRAM PGN - 5R

This 5R (Ringkas/Concise, Rapi/Neat, Resik/Clean, Rawat/Care, Rajin/Diligent) Program aims to create the comfort of working in an organization environment, thus increase the productivity and quality in providing services.

### 2.PGN PROGRAM – EXPERT

This program aims to improve the awareness and spirit to renew as well as optimize information, insight, competence, or knowledge required in innovating, make decisions, as well as improve the quality of business management for the organization betterment.

The PGN Program – EXPERT is in the form of:
1. Knowledge Sharing Session / ProCISE Talk
2. English Day

### 3. PGN PROGRAM – BESTFRIEND

ONE PGN Coffee Morning (Morning Briefing) between the BOD and employees

### 4. PGN PROGRAM – PRODUCTIVITIY

In the form of:
1. Management Review Activity (integration of functions)
2. Optimization of the existing technologies

### 5. PGN PROGRAM – EFFICIENCY

"Effective Meeting" campaign

### 6. PGN PROGRAM – WORKLIFE BALANCE

In the form of:
1. Weekly religious activity, Timely Shalat campaign
2. Watch movies together (foreign culture movies, Indie Movie)

# THE ACTIVITIES OF CORPORATE CULTURES IMPLEMENTATION




## PGN'S CULTURES PROGRAM

With regard to the implementation of PGN's ProCISE cultures, then activities such as PGN Group gathering, sharing on Occupational Safety and Health activities, social services, and community activities were routinely conducted.

# PROFILE OF THE MEMBERS OF THE BOARD OF COMMISSIONERS



**FAJAR HARRY SAMPURNO**
President Commissioner

An Indonesian citizen, Born in Blitar 18 April 1966, aged 50 years in 2016. 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 8 April 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.



**KISWODARMAWAN**
Independent Commissioner

An Indonesian citizen, born in Surabaya, 28 December 1957, aged 59 years in 2016. He has a Bachelor of Civil Engineering from Surabaya Technology Institute.

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 8 April 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.



**TIRTA HIDAYAT**
Commissioner

An Indonesian citizen, born in Banda Aceh, 9 March 1959, aged 57 years in 2016.

He has a Bachelor of Economics in Development Studies from the University of Indonesia, Master and Doctoral degrees in Economy Regional from Cornell University.

His recent work experience is as the Deputy of Vice President's Secretariat Official in Economics until now.
Appointed the first time as the Commissioner of PGN in the Annual General Meeting of Shareholders on 6 April 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.



**MOHAMAD IKHSAN**
Commissioner

An Indonesian citizen, born in Sigli, 7 November 1964, aged 52 years in 2016.

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 6 April 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.



**IGN WIRATMAJA PUJA**
Commissioner

An Indonesian citizen, born on 21 December 1963, aged 53 years in 2016.

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 Energy and Mineral Resources, until now.

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



**PAIMAN RAHARJO**
Independent Commissioner

An Indonesian citizen, born in Klaten, 15 Juni 1964, aged 52 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 Commissioner of PGN in the Annual General Meeting of Shareholders on 6 April 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.

# PROFILE OF THE SECRETARY OF THE BOARD OF COMMISSIONERS



**THOHIR NUR ILHAMI**

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

Once 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.

# PROFILE OF THE MEMBERS OF THE BOARD OF DIRECTORS



**HENDI PRIO SANTOSO**
President Director

An Indonesia citizen, born in Jakarta on 5 February 1967, aged 49 years in 2016. Graduated from University of Houston, Texas with a Bachelor degree in Finance and Economics, and from the University of Texas Austin-USA with a Bachelor degree in Economics.

Serves as the President Director for the second period on 22 May 2012, after serving as the President Director since 13 June 2008 in the first period. Previously served as the Director of Finance since 31 May 2007. Prior to joining PGN, served as the Director of Investment Banking in PT JP Morgan Securities Indonesia (2004–2007). Started his career in Niaga Bank (1990–1991) and continued in Citibank NA, Indonesia (1991– 1996). In 1996 was appointed as the Vice President of PT Perdana Multi Finance, then as the Director of Development of PT Perdana Inti Investama (1996-1998). In 1998–2001, served as the Associate Director of PT Bahana Securities, which then served as the Director of PT Anugra Cipta Investa (2001–2004).

The legal basis for the first time appointment as the Director of Finance is the Resolutions of the 2007 Annual General Meeting of Shareholders on 31 May 2007 and as the President Director is the 2008 Annual and Extraordinary General Meetings of Shareholders on 13 June 2008. Re-appointed as the President Director by the 2012 Annual General Meeting of Shareholders on 22 May 2012. Assigned as the Commissioner of PT Saka Energi Indonesia since 1 March 2014 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.



**NUSANTARA SUYONO**
Director of Finance

An Indonesian citizen, born in Rome on 11 December 1963, aged 53 years in 2016. Graduated from University of Houston, Texas with a Bachelor degree in 1986.

Serves as a Director since 8 April 2016. Previously served as the Group Head Executive Officer 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 8 April 2016. Assigned as the President Commissioner of PT Transportasi Gas Indonesia since 1 May 2016 until now and as the Commissioner of PT Saka Energi Indonesia since 1 November 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 3 April 1969, aged 47 years in 2016. 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 8 April 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 2012 Annual General Meeting of Shareholders on 8 April 2016. Assigned as the President Commissioner of PT Gagas Energi Indonesia since 1 May 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.



**M. WAHID SUTOPO**
Director of Strategy and Business Development

An Indonesian citizen, born in Jakarta on 17 June 1969, aged 47 years in 2016. Graduated from Bandung Technology Institute with a Bachelor degree in Electrical Engineering in 1993 and from IPMI Business School Jakarta with a Master Degree in Management (Executive Program) for International Business in 2002.

Serves as a Director since 6 April 2011. Previously served as the Corporate Secretary since January
2009, the Group Head of Corporate Planning and Control since October 2010, the Head of Investor Relations Division since November 2008.

Started his career as the Director of Carrier Sales and International Relations in USA Global Link in 1996-1999, as well as the International Marketing Manager in 1999-2001, the Head of Investor Relations in 2001-2006, and the Group Head – Revenue Assurance in 2006-2008 in PT Indosat Tbk.

The legal basis for the first time appointment as the Director of Investment Planning and Risk Management is the Resolutions of 2011 Extraordinary General Meeting of Shareholders on 6 April 2011.

Assigned as the President Commissioner of PT PGN LNG Indonesia since 2015 until now and as the President Commissioner of PT PGAS Telekomunikasi Nusantara since 2011 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 13 September 1978, aged 38 years in 2016. 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 8 April 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 8 April 2016. Assigned as the President Commissioner of PT PGN LNG Indonesia since 1 May 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.



**HENDI KUSNADI**
Director of Human Capital and General Services

An Indonesian citizen, born in Bandung on 26 February 1962, aged 54 years in 2016. Graduated from Bandung Institute Technology with a Bachelor degree in Civil Engineering in 1987.

Serves as a Director since 22 May 2012. His career with PGN started since 1989, among others as the Head of Marketing Division in 2009, the Act of Head of Operation Division in 2010 and the General Manager of SBU Distribution of Region I Western part of Java in 2010.

The legal basis for the first time appointment as the Director of Human Capital and General Services is the Resolutions of 2012 Annual General Meeting of Shareholders on 22 May 2012. Assigned as the President Commissioner of PT PGAS Solution since 1 January 2014 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.

# PROFILE OF THE CORPORATE SECRETARY



**HERI YUSUP**

An Indonesia citizen, born in Bandung on 8 February 1963 (53 years old). Currently, domiciled in Jakarta.
Graduated from the University of Padjajaran Bandung with a Bachelor degree in Law in 1987, from Widener University School of Law, USA with a Master degree in 1999, and Advance Management Program from Wharton School University of Pennsylvania, USA in 2006.

Serves as the Corporate Secretary since December 2011. Started his career in PGN as the Second Assistant of Laws and Control Administration in 1991, the Legal Coordinator in 2005, the Corporate Secretary and also as the Legal Coordinator in 2008, as well as the Head of Corporate Legal Department in 2009. Assigned as the President Commissioner of PT Permata Graha Nusantara since December 2014 until May 2016, and as the Commissioner of PT Transportasi Gas Indonesia since November 2012 until now.

# PROFILE OF THE HEAD OF INTERNAL AUDIT DIVISION



**PRAMONO HARJANTO**

An Indonesia citizen, born in Yogyakarta on 14 August 1970 (46 years old).
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.

# HUMAN CAPITAL

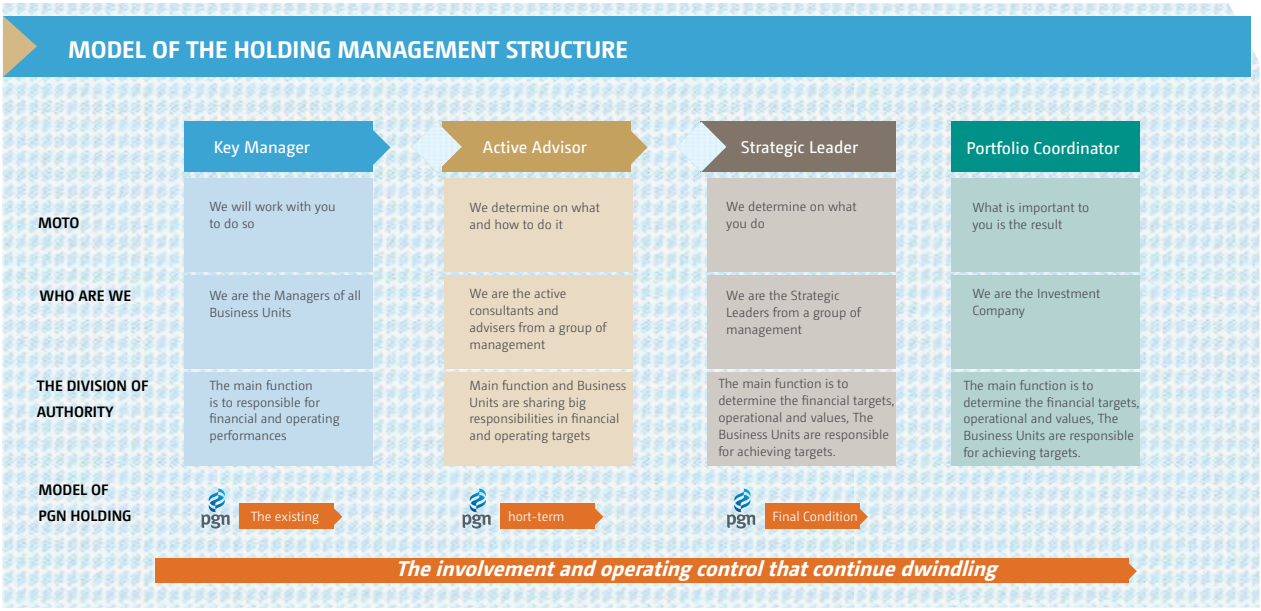
In facing business environment changes challenges, PGN has set series of transformation stages that were started from the Active Advisor stage to the main transformation purpose namely the Strategic Leader. The transformation process being implemented requires the Change Management which roles are to 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 in of the new organization.

## PROFILE AND NUMBERS OF PGN'S EMPLOYEES

PGN's employees in 2016 is was1,426 people, decrease to 3,45% from 2015 amounting to 1,477 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 2016, there were 60 (sixty) employees who stopped working for PGN.

The cause of the cessation of such employees generally was a natural since they were entering the retirement period or passed away. There were only 7 (seven) 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".



### THE NUMBER OF EMPLOYEES BASED ON THE EMPLOYMENT STATUS

| Employment Status | 2016 | 2015 |
|---|---|---|
| Permanent | 1,426 | 1,477 |
| Contract | - | - |
| Total | 1,426 | 1,477 |

### THE NUMBER OF EMPLOYEES BASED ON THE ORGANIZATION LEVEL GROUP

| Position Group | 2016 | 2015 |
|---|---|---|
| Top Management | 74 | 78 |
| Middle Management | 158 | 168 |
| Basic Management | 682 | 552 |
| Executor | 512 | 679 |
| Total | 1,426 | 1,477 |

### THE NUMBER OF EMPLOYEES BASED ON EDUCATIONAL BACKGROUND

| Pendidikan | 2016 | 2015 |
|---|---|---|
| Strata 3 (S3) | 1 | 1 |
| Strata 2 (S2) | 132 | 126 |
| Strata 1 (S1) | 640 | 649 |
| Diploma | 434 | 457 |
| SLTA | 219 | 244 |
| Total | 1,426 | 1,479 |

## THE COMPETENCY DEVELOPMENT

PGN has had the competency development program that is 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 is the Educational and Training Program (Diklat) that supported processes of human capital preserverence and quality improvement. Each of PGN employee is required to have a good competency in accordance with his position during 2016. PGN allocated average of 6 man-days training for every employee to support the development or fulfillment of the employee's competency gaps.

### A. Education and Training

| No. | Categories |
|---|---|
| 1 | Education among others: |
| | a. Diploma of PT KAPGN STEM gas-Cepu as much as 2 Programs followed by 19 Participants |
| | b. Master degree from Abroad (Scholarship) as much as 10 study programs followed by 10 participants |
| | c. Master degree from Abroad (Self-management) as much as 4 study programs followed by 4 participants |
| | d. Bachelor degree from Domestic (Self-management) as much as 2 study programs followed by 2 participants |
| 2 | Inhouse Training |
| | a. Managerial Competencies as much as 27 programs attended by 701 participants |
| | Among Others: |
| | Executive Development Program<br>Feedback Giver<br>Management Development Program (MDP), Leadership for First-line Development Program (Session 1 Induction Program), Leadership for First-line Development Program (Session 2 First-line Development Program), Leadership for Middle Manager, Emerging Leaders Program Enhancing Government Relations Through B2G Approach |
| | b. Area Competencies (Inhouse) as much as 105 programs attended by 2,441 participants |

| No. | | Categories |
|---|---|---|
| | | Among Others: |
| | | Technical, Operational, and Commercial Areas Fire Handling Level D Certification from the Minister of Labor of the Republic of Indonesia, Gas Talk #1 Book Review Introduction to World Class Gas System Management, Safety Profesional, Pengawas Konstruksi Pipa PE Batch 1 GAS Talk #2 Brings Energy to You, Penyambungan Pipa Galvanis, Calon Asesor Kompetensi, Gas Talk #3 Book Review Introduction to The World Class GSM, Effective Selling Skills, LIFO High Performance Selling, Gas Talk #4 Book Review of GSM & Financial Planning, Energy Management, Workshop PraCEPAt, Internal Audit of Security System and SMK3 Integration, Proses Safety Information, Business Knowledge of PGN Group, Basic and Technical LNG Training, The Technical Development for Sales and Customer Management, Insiden Investigasi, Peer Educator the Prevention and Treatment of Tuberculosis/HIV & Aids and Drug Abuse at Work, Investment Technic Security Basic Safety |
| | c. | Financial Area |
| | | 2016 PSAK Update, Oracle Hyperion, The Secret of Managing Accounts Receivable, Tax Planning Vs Crative Accounting, PGN's Financial Risk Management, Business Simulations of Apple and Oranges Business Finance for Everyone,<br>Tax Amnesty Workshop |
| | d. | Administration & General Areas |
| | | Professional Protocols, Strength Revolution, Retired Planning Program, Learning Week-Creative and Innovative Thinking, Training for Trainer, Awareness of ISO 14001:2014 and Introduction of ISO 14001:2015, Workshop International Position Evaluation (IPE), Management System Internal Audit of ISO 14001 and OHSAS 18001, Workshops on the Strategic Workforce Planning, General Affair Professional, Integrated Marketing Communication, Interpretations of Understanding and Deepening of the KPKU-based Performance System of the State-Owned Enterprises, Good Corporate Governance (GCG), Awareness of ISO 9001:2015, Strategic Workforce Planning (Workshop 2), LIFO® Method for Problem Solving and Decision Making Skills, Personal Branding With Social Media, Assesor of KPKU of the State-Owned Enterprises, ONE PGN & ProCISE for World Class PGN Group, Management Service Skills for General Affair, Enhancing Government Relations Through B2G Approach, Amazing Slide Presentation, PGN Group Actuarial Valuation Workshop, Corporate Event Management, Training and Certification on the Government's Products and Services Supply, E-Tendering Workshop with SPSE 4.0 Application |
| 3 | | Public Training as much as 97 programs attended by 254 employees |
| | a. | Domestic |
| | | KPI and Excellent Performance-Based Management Contract & Malcolm Baldrigde, Advance Level of Internal Audit, Two-days Workshop on the Implementation of Environmental Management RPP and National Energy Policy RPP, International Conference Business Economics Social Science and Humanities (BESSH), PDrafting the Umbrella Agreement of Procurement and E-Catalog of the Procurement of Products/Services, 1st Indonesia Human Capital Summit 2016, Certified PSAK Review, Pipeline Security Management, Radiographic Interpreter Level II Training & Certification Course, Financial Modelling in Excel, General Occupational Safety and Health Expert, Gas Indonesia Summit 2016, IndoHSSE 2016, Oracle Database 11g : Program with PL/SQL, 2016 Mediation, Welding Inspector, Workshop on the Land Licensing Mechanism, Basic Education for Assessment I in the Property Area, Effective IR in Practice, CSWIP - Welding Level 2 International Certification, Advance Level II of Internal Audit, Training & Certification of Advance Flow – X, One-Day Workshop on Digital Forensic, Indonesian Seminar of Marketeers Festival: Selling Yourself, Win in the Era of ASEAN Economic Community, Holding Company Management "Leading and Driving the Right Way", Workshop "The Next Level of HR Champion", Basic Understanding of Arbitration and APS, Basic Sea Survival, Workshop Legal English, FATCA and CRS Seminar, Internal Audit National Seminar, Certificate of Business Management (CBM Program): Financial Management, Workshop on the Law of Bankruptcy, a Threat to Debtors and Creditors, Certificate of Proficiency in Performance Measurement and Valuation, 2016 State-Owned Enterprises Seminar, |

| No. | Categories |
|---|---|
| | Masterclass Series XVI Assessing the Maturity Level of the Implementation of Organization Risk Management, IFRS International Conference 2016, Legal Auditor, Corrosion Engineer, Financial Accounting & Accounting Computer, Contract Drafting and Negotiating of EPC Project, Mini MBA in Power Generation & Electricity in Indonesia, Human Capital Development Program, Integrated Brevet A-B, Certification of Project Management Young Expert, Project Management Program Certification (PMP Combo), Workshop Comprehensive Project Management, Marketing Battle Plan 2017 : Step by Step Strategy to Tactic to Budgeting, HR Summit 2016, T Bosiet, Certification of Project Management Young Expert, Project Finance Cashflow Analysis and Risk Mitigation, CERTIFIED INTERNAL AUDITOR REVIEW COURSE, Indonesia Human Capital Summit, Certificate of Strategic Financial Management, Financial Management, General Busiiness Management, Marketing Asean Summit, TRAINING ON THE PROCEDURES FOR THE PREPARATION OF TRANSFER PRICING DOCUMENTATION, The 8th Indonesia HR Summit 2016, High Performance Culture, Managing Multiple Project, Risk Management, Basic Financial Management for Non Finance Manager, Project Management Preparation (PMP Combo Program), Technical Guidance on the Superintendent Expertise Qualification of Conduit , ISO 31000 : Risk Assesment Technique, Calculating Project Owners Estimate (OE/HPS) With Microsoft Project Application, 2016 Disclosure of Assets and Implementation of Tax Amnesty, Practical Aspect of Value Added Tax, e-Invoice and Value Added Tax Examination,<br>Contract Administration & Negotiation Training & Certification of Coating Inspector Level 1, 1st Manager Leader Summit 2016 4th International Congress on Assessment Center Methods, Coating Summit Oktober 2016, 3rd Indonesia Industrial Relations Conference 2016, Competency Guidance for the Supervisor of Occupational Safety and Health in Oil and Gas, Arbitration Workshop, Certified Planning Engineer, Assesor Preparation Course KPKU BUMN Series VII, Contract Management, Effective IR in Practice, Electric Installation in Hazardous Area, Manajemen Piutang (Receivables Management), Marketing Intelligence Competitive, First Aid at Work, Management of Audit Tasks, SCADA Platform Wonderware |
| b. | Abroad |
| | Among Others: |
| | Merger & Acquisition, ATD International Conference & Exposition 2016, Finnon 1 "Understanding Financial Statement", ERM Training & Benchmark. |

**B. Scholarships in Cooperation with High Schools**

Taruna Nusantara 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 2016, PGN implemented scholarships for Diploma II & III of Gas Technology in AKAMIGAS STEM – Cepu for 19 participants with the investment amounted to Rp2,369,275,000.

**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 world-class company, PGN despatched 10 participants of Master Study Abroad Program to prominent universities in the United States of America, this program was is focused on the majors that relevant with PGN's business.

**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 2016, 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, also very it could be seen by 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 I (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.

**G. Ambassador of SOE**

The Ambassador of SOE is a place for the SOE employees to form a strong unity between the SOEs in order to achieve the vision towards The World Class SOE. Formed by the SOE Public Relations Forum (FHBUMN) and obtained direct support from the Ministry of SOE. In 2016, PGN sent delegations as the participants of the Ambassador of SOE. PGN sent its 2 representatives to participate in the selection process and quarantine then selected as Wakil II Putri.

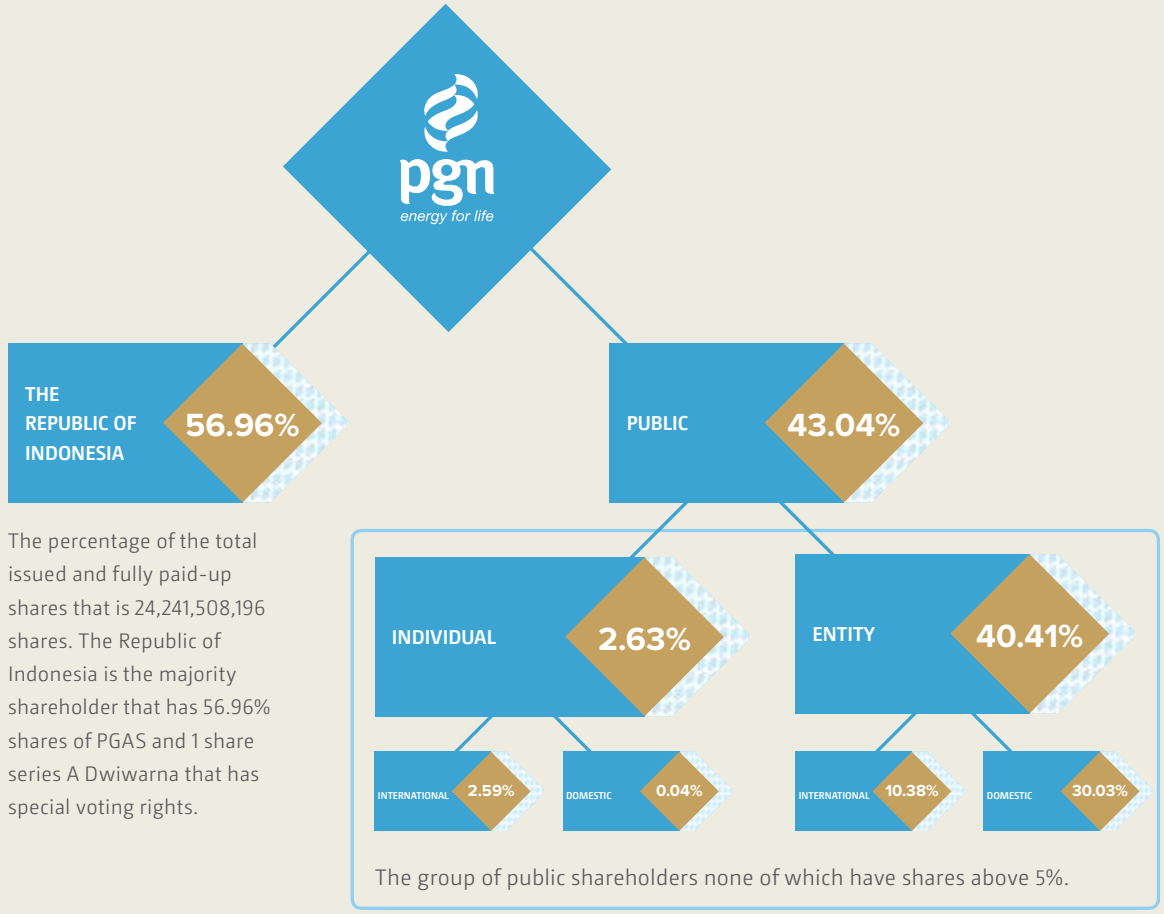
The task of the Ambassador of SOE is as the ambassador as well as the youth representative of SOE in every activity of the Ministry of SOE.

## EXPENSES

During 2016, PGN has organized 20,688 man-days to realize the education and training program for employees with total expenses amounted to Rp. 39,114,062,860.

# SHAREHOLDERS INFORMATION

## THE SHAREHOLDERS COMPOSITION




The percentage of the total issued and fully paid-up shares that is 24,241,508,196 shares. The Republic of Indonesia is the majority shareholder that has 56.96% shares of PGAS and 1 share series A Dwiwarna that has special voting rights.

The group of public shareholders none of which have shares above 5%.

**List of Top 20 Shareholders***

| No. | Investor | Ownership % |
|---|---|---|
| 1 | Negara Republik Indonesia | 56.97 |
| 2 | BPJS Ketenagakerjaan (Indonesia) | 3.37 |
| 3 | Petronas (Malaysia) | 2.80 |
| 4 | Eastspring Inv. (Singapura) | 2.62 |
| 5 | Matthews Int'l Cap. Mgt. (US) | 2.22 |
| 6 | Vanguard Group (US) | 1.42 |
| 7 | Blackrock Inv. Mgt. – Index (US) | 1.39 |
| 8 | Eastspring Inv. (Hong Kong) | 1.29 |
| 9 | Eastspring Inv. (Indonesia) | 1.27 |
| 10 | Blackrock Inv. Mgt. – Index (UK) | 1.14 |

| No. | Investor | Ownership % |
|---|---|---|
| 11 | Lion Global Investors (Singapura) | 1.14 |
| 12 | GIC (Singapura) | 0.66 |
| 13 | Invesco (US) | 0.64 |
| 14 | Blackrock Inv. Mgt. – Index (Hong Kong) | 0.62 |
| 15 | Manulife Asset Mgt. Ind. (Indonesia) | 0.62 |
| 16 | Value Partners (Hong Kong) | 0.60 |
| 17 | Abu Dhabi Investment (UAE) | 0.50 |
| 18 | Mandiri Investasi (Indonesia) | 0.47 |
| 19 | Saudi Arabian Monetary Agency (Arab Saudi) | 0.47 |
| 20 | Westwood International Advisors (Kanada) | 0.44 |

*Based on the shareholders position as per 31 December 2016.
The Shareholder Names in this list may change according to the dynamics of stock transactions at the Indonesian Stock Exchange.

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.

# MAJOR SHAREHOLDER INFORMATION

## THE 5% OR MORE SHARES OWNERSHIP AWS PER 31 DECEMBER 2016

| Name | Owner's 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 31 December 2015, 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 2016

| Name | Position | Number of Shares | Shares Percentage |
|---|---|---|---|
| Fajar Harry Sampurno | President Commissioner | - | 0% |
| Kiswodarmawan | Independent Commissioner | - | 0% |
| Tirta Hidayat | Commissioner | - | 0% |
| Mohamad Ikhsan | Commissioner | - | 0% |
| IGN Wiratmaja Puja | Commissioner | - | 0% |
| Paiman Raharjo | Independent Commissioner | - | 0% |
| Hendi Prio Santoso | President Director | - | 0% |
| Danny Praditya | Director of Commerce | - | 0% |
| Hendi Kusnadi | Director of Human Capital and General Services | 140,500 | 0.0005796% |
| Dilo Seno Widagdo | Director of Infrastructure and Technology | - | 0% |
| Muhammad Wahid Sutopo | Director of Strategy and Business Development | - | 0% |
| Nusantara Suyono | Director of Finance | - | 0% |

# INFORMATION OF SUBSIDIARY AND AFFILIATED COMPANIES

| Company | Company's Address | Subsidiary / Afilliated Company | Ownership | Line of Business | Company's Profile | Status |
|---|---|---|---|---|---|---|
| PT Saka Energi Indonesia (SEI) | The Energy Building 11th - 12th Floor Jl. Jend.Sudirman Kav.52-53, SCBD, Jakarta 12190 Telp. +62 21 2995 1000 Fax. +62 21 2995 1001 Email: contact.us@sakaenergi.com Web: www.sakaenergi.com | Subsidiary Company | - Company – 99.997% - PT PGAS Solution – 0.003% | Upstream Business | SEI was established on 27 June 2011. The purpose and objectives of SEI is to engage business and investment in the oil and gas upstream business, that covers the activities of exploration, exploitation, business development in the oil and gas sector, coal bed methane, and other energy sources. Currently, SEI manages 9 blocks in Indonesia and 1 block of shale gas in the United States of America. SEI as the operator with ownership of 100% in Pangkah PSC, South Sesulu PSC, and Wokam II PSC. | Operating |

| Company | Company's Address | Subsidiary / Afilliated Company | Ownership | Line of Business | Company's Profile | Status |
|---|---|---|---|---|---|---|
| PT Transportasi Gas Indonesia (TGI) | Jl. Kebon Sirih Raya No. 1<br>Jakarta 10340<br>Telp. +62 21 315 8939<br>Fax. +62 21 310 3757<br>Email: public.relations@tgi.co.id<br>Web: www.tgi.co.id | Subsidiary Company | - Company– 59.87%<br>- Transasia Pipeline Company Pvt. Ltd. – 40%<br>- PGN's Employees Welfare Foundation – 0.13% | Gas Transportation | TGI was established on 1 February 2002. Currently, TGI has and operates pipeline network for more than 1,000 km long which extending outward from Grissik to Duri and Grissik to Batam, then to Singapore with Grissik-Duri distribution capacity in the amount of 427 MMscfd and Grissik-Singapore in the amount of 465 MMscfd. | Operating |
| PT PGN LNG Indonesia (PLI) | Kompleks PGN<br>Graha PGAS, Lantai 2<br>Jl. K.H. Zainul Arifin No. 20<br>Jakarta 11140<br>Telp. +62 21 2907 3266<br>Fax. +62 21 2907 1133<br>Web: www.pgnlng.co.id | Subsidiary Company | - Company – 99.999%<br>- PT Gagas Energi Indonesia – 0.001% | LNG Regassification | PPLI was established on 26 June 2012 and engaged in the Liquified Natural Gas (LNG) business, including but not limited to processing, transportation, storage, commerce.<br><br>Since 2014, PLI has been operating FSRU Lampung which located in Labuhan Maringgai, with a capacity of 1,5 - 2 MTPA and the delivery limit reached to 240 MMscfd. FSRU Lampung is integrated with SSWJ pipeline facility that connects the gas sources in Sumatera with the biggest potential customers in Indonesia in West Java. | Operating |
| PT Gagas Energi Indonesia (GEI) | Kompleks PGN<br>Gedung B, Lantai 9 - 10<br>(PGN Complex,<br>Tower B, 9-10th Floor)<br>Jl. K.H. Zainul Arifin No. 20<br>Jakarta 11140<br>Telp. +62 21 2907 1415<br>Fax. +62 21 2907 1138<br>Email: contact.information@gagas.co.id<br>Web: www.gagas.co.id | Subsidiary Company | - Company– 99.88%<br>- PT PGAS Solution – 0.12% | Downstream Business | GEI was established on 27 June 2011 and currently engages in the natural gas and CNG trading businesses.<br><br>GEI provides the natural gas commodity which comes from the Company and secondary market for the needs of electricity, industry, commercial, household, and transportation. The natural gas needs for household, commercial, and industrial sectors served with transportation modes of gas pipeline, CNG and mini LNG. While for serving the transportation sector, GEI provides the Gas Refueling Stations (SPBG) and Mobile Refueling Unit (MRU), as the form of support from PGN to the conversion program of oil fuel to gas fuel. | Operating |

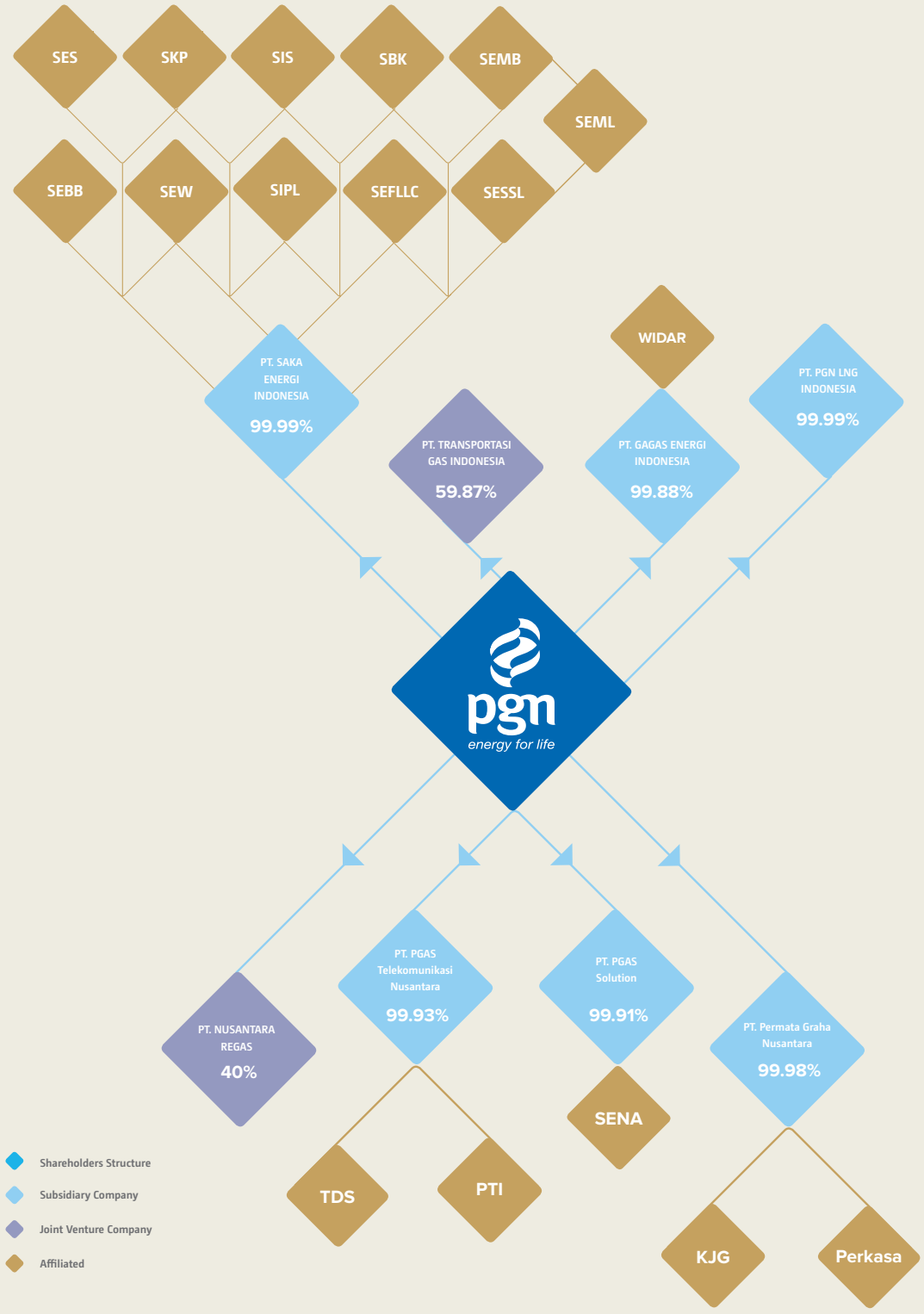
| Company | Company's Address | Subsidiary / Afilliated Company | Ownership | Line of Business | Company's Profile | Status |
|---|---|---|---|---|---|---|
| | | | | | GEI operates 6 (six) MRUs, namely MRU IRTI Monas, MRU Pluit, MRU Bogor, MRU Bandung, MRU Grogol and MRU Gresik. Other than that, GEI also operates 7 (seven) Gas Refueling Stations (SPBG), namely SPBG Pondok Ungu, SPBG PGN Head Office, SPBG Batam, SPBG Bogor, SPBG Purwakarta, SPBG Ngagel and SPBG Sukabumi. | |
| PT PGAS Solution (PGAS Solution) | Kompleks PGN Gedung C, Lantai 4 Jl. K.H. Zainul Arifin No. 20 Jakarta 11140 Telp. +62 21 6385 4572 / 4506 Fax. +62 21 6385 4572 /4506 Email: info@pgn-solution.co.id Web: www.pgn-solution.co.id | Subsidiary Company | -Company – 99.91% - Yayasan Kesejahteraan Pegawai Perusahaan Umum Gas Negara – 0.09% | Engineering | PGAS Solution was established on 6 August 2009 and currently engages in 4 (four) line of businesses, namely Operation & Maintenance Services (the Operation and Maintenance Services of Distribution Gas Pipeline Network, the Operation and Maintenance Services of Transmission Gas Pipeline Network, and Provision of Information and Integrated Data Control), Engineering services, Engineering Procurement, and Construction services, as well as Trading services. | Operating |
| | | | | | Apart from doing the development of gas pipeline infrastructure network and be fully responsible for end-to-end on the operation and maintenance of the pipeline network reliability or PGN's facilities, PGAS Solution has been working on the construction of offshore-onshore Kalimantan Java Gas Project Stage I for ±200 km from Kepodang Field to Tambak Lorok. PGAS Solution also serves to build Gas Refueling Station owned by GEI and trusted by the Regional Government of Bekasi for the fiber optic cable network deployment project for 120 km long. | |

| Company | Company's Address | Subsidiary / Afilliated Company | Ownership | Line of Business | Company's Profile | Status |
|---|---|---|---|---|---|---|
| PT PGAS Telekomunikasi Nusantara (PGASCOM) | Kompleks PGN Gedung B, Lantai 4 Jl. K.H. Zainul Arifin No. 20 Jakarta 11140 Telp. +62 21 633 1345 Fax. +62 21 633 1381 Web: www.pgascom.co.id | Subsidiary Company | -Company – 99.93% - Yayasan Kesejahteraan Pegawai Perusahaan Umum Gas Negara – 0.07% | Information & Communication Technology | PGASCOM was established on 10 January 2007 and engaged in the provision of telecommunication services. Through the coverage of fiber optic cable network available throughout Jakarta - Sumatera - Batam - Singapura, PGASCOM has provided services throughout that backbone for operator customers, corporate customers, and PGN. As the ICT (Information, Communication, Technology) provider, PGASCOM serves telecommunication (connectivity, the internet), business solution and managed service. With the Local Fixed Network (JARTAPLOK) license has been gained, PGASCOM able to channel the internet from international to corporate customers to households in Indonesia, so that enables PGASCOM to develop multiple services. To improve services to customers, PGASCOM built a network with high reliability through the Dense Wavelength Division Multiplexing and Metro Carrier Ethernet-based Next Generation Network devices. | Operating |
| PT Permata Graha Nusantara (Permata) | Kompleks PGN Gedung B, Lantai 8 Jl. K.H. Zainul Arifin No. 20 Jakarta 11140 Telp. +62 21 634 0030 Fax. +62 21 634 0031 Web: www.pgnmas.co.id | Subsidiary Company | -Company – 99.989% -PGAS Solution – 0.011% | Property & facility management, workforce provider, resources & asset Profitization | Permata was established on 24 April 2014 and run 3 (three) business activities, among others facility management services, assets management, and real estate entrepreneurial. The Company contributes to support the growing PGN's business activities especially in the assets management as well as to contribute to the provisions and management of property in order the support the PGN's infrastructure development efficiently and professionally. | Operating |
| PT Nusantara Regas (NR) | Wisma Nusantara, Lantai 19 Jl. M.H. Thamrin No. 59 Jakarta 10350 Telp. +62 21 315 9543 Fax. +62 21 315 9525 Web: www. nusantararegas.com | Joint Venture Company | -PT Pertamina (Persero) – 60% -Company – 40% | LNG Regassification Through FSRU | NR was established on 14 April 2010 and as the joint venture company between PT Pertamina (Persero) and the Company. The NR's main business activities are developing and managing the Floating Storage and Regasification Terminal (FSRT), LNG procurement and LNG regasification gas sales. | Operating |

| Company | Company's Address | Subsidiary / Afilliated Company | Ownership | Line of Business | Company's Profile | Status |
|---|---|---|---|---|---|---|
| | | | | | Since 2012, NR has been operating FSRU Nusantara Regas Satu as the first LNG Receiving Terminal in Indonesia with the regasification capacity of 500 MMscfd. The NR existence specifically intended to provide gas supplies to the centers of power plants owned by PLN and a number of industry players in West Java. The gas distribution process to the center of power plant includes the FSRU, under the sea transmission pipelines, and Onshore Receiving Facilities. To optimize the available FSRU capacity, NR also provides LNG regasification services to meet PLN's needs. | |
| PT Kalimantan Jawa Gas (KJG) | Kompleks PGN<br>Gedung B, Lantai 2<br>Jl. K.H. Zainul Arifin No. 20<br>Jakarta 11140<br>Telp. +62 21 6385 4534<br>Fax. +62 21 633 1632<br>Web: www.kalijagas.co.id | Associated | -Permata – 80%<br>-PT Bakrie & Brothers Tbk – 20% | Gas Transportation | KKJG was established on 23 July 2013 to run natural gas transportation business through pipelines from natural gas sources to customers' location and operate the natural gas distribution facilities. Since the groundbreaking on 14 March 2014, KJG has completed the construction of natural gas transmission pipelines from Kepodang field belong to Petronas Carigali Muriah Limited to power plant unit belong to PLN in Tambak Lorok for ±200 km long which is known as the transmission pipelines of Kalimantan Java Stage I lane Kepodang-Tambak Lorok. | Operating |
| PT Permata Karya Jasa (Perkasa) | Kompleks PGN<br>Gedung A, Lantai 4<br>Jl. K.H. Zainul Arifin No. 20<br>Jakarta 11140<br>Telp. +62 21 6385 0047<br>Fax. +62 21 6385 0047<br>Web: www.pgn-perkasa.co.id | Associated | -Permata – 75%<br>-PGN's Employees Welfare Foundation – 25% | Supporting Services for Oil and Gas | Perkasa was established on 29 April 2015 and engaged in the business activities which cover the equipment provider services and the manpower provider services that support the smooth operation of business in oil and natural gas sector. Perkasa has the role in supporting the PGN's growing rapidly business activities through the provisions of supporting services to oil and natural gas sector, as well as has the commitment to provide the best services to its customers through the human resources solution and chiller specialist business activities. | Operating |

| Company | Company's Address | Subsidiary / Afilliated Company | Ownership | Line of Business | Company's Profile | Status |
|---|---|---|---|---|---|---|
| PT Solusi Energi Nusantara (SENA) | Kompleks PGN<br>Gedung C, Lantai 3<br>Jl. K.H. Zainul Arifin No. 20<br>Jakarta 11140<br>Telp. +62 21 6385 4557<br>Fax. +62 21 6386 8805<br>Web: www.pt-sena.co.id | Associated | -PGAS Solution – 99.9%<br>-Permata 0.1% | Engineering | SENA was established on 20 April 2015 to provide engineering services in the oil and natural gas industry that include the pipeline, mechanical, electrical, geodetic, civil, process and telemetry businesses. The services provided by SENA include the survey, technical research, Front End Engineering Design (FEED), and Detail Engineering Design (DED), Project Management consultancy, inspection and technical testing, commissioning, as well as other post-operating works. | Operating |
| PT Widar Mandripa Nusantara (WIDAR) | Kompleks PGN<br>Gedung A, Lantai 4<br>Jl. K.H. Zainul Arifin No. 20<br>Jakarta 11140<br>Telp. +62 21 2984 5050<br>Fax. +62 21 2984 5140<br>Web: www.wmnusantara.co.id | Associated | -GEI – 99.996%<br>-Permata Karya Jasa – 0.004% | Power Plant and Trading | WIDAR was established on 29 July 2015. Engage in the services related to the power plant and trading, WIDAR handles planning, construction, testing, and operating as well as maintenance of power plant including its infrastructures, starting from gas supply pipelines and all equipment required to support the power plant until the energy supplied to customers. | Operating |
| PT Gas Energi Jambi (GEJ) | Jl. Jend. A. Yani No. 17<br>Telanaipura, Jambi<br>Telp. +62 741 670 207<br>Fax. +62 741 670 207 | Joint Venture Company | -Perseroan – 40%<br>-PT Wahana Catur Mas – 40%<br>-PT Jambi Indoguna Internasional – 10%<br>-PT Bukaka Corporindo – 10% | Trading, Construction, and Services | GEJ engages in the trading, construction, and services businesses through gas fuel distribution, chartering in the gas mining, and business in the supporting facilities of mining and gas construction companies, and other supporting devices. | Yet in Operation |
| PT Banten Gas Synergi (BaGS) | Kantor Taman E3.3 Unit D6<br>Kawasan Mega Kuningan<br>Lot 8.6-8.7<br>Setiabudi, Jakarta 12950<br>Telp. +62 21 5794 8870/71<br>Fax. +62 21 5794 8870/71 | Joint Venture Company | -PT Andiracitra Grahawira (68.43%)<br>-PT Banten Global Synergi (14.14%)<br>-PT Banten Global Development (8.57%)<br>-Izma Agyano Bursman (8.71%)<br>-Perseroan (0.14%) | Services, Transportation, Trading, and Mining | BaGS engages in the services, transportation, trading, and mining businesses. | Operating |

## PGN GROUP STRUCTURE



## PT SAKA ENERGI INDONESIA

PT Saka Energi Indonesia (SEI) is the PGN's subsidiary, established on 27 June 2011. Currently, SEI is having its office in The Energy Building, 11-12th Floor, SCBD Lot 11A, Jl. Jend. Sudirman Kav. 52-53 Jakarta 12190.
In accordance with the SEI's Articles of Association, the purpose and objectives of SEI are to engage in the business and investment in oil and gas upstream sector, that covers the exploration, exploitation, business development in oil and gas sector, coal bed methane (CBM) and other energy sources. As the company that engages in the upstream business, SEI has a number of oil and gas upstream assets as follows:



On 31 December 2016, the compositions of the Board of Commissioners and the Board of Directors of SEI were as follows:

### BOARD OF COMMISSIONERS

| | |
|---|---|
| Susilo Siswoutomo | President Commissioner |
| Hendi Prio Santoso | Commissioner |
| Nusantara Suyono | Commissioner |

### BOARD OF DIRECTORS

| | |
|---|---|
| Tumbur Parlindungan | President Director |
| Devi Pradnya Paramitha | Director of Finance and Administration |

SEI has some oil and gas work region assets as follows:

| Blocks Name | PERCENTAGE OF OWNERSHIP | | Operator | Status |
|---|---|---|---|---|
| | 2016 | 2015 | | |
| Ketapang PSC | 20% | 20% | Petronas Carigali Ketapang II Ltd. | Production |
| South Sesulu PSC | 100% | 100% | PT Saka Indonesia Sesulu | Exploration |
| Bangkanai PSC | 30% | 30% | Ophir Energy (Bangkanai) Ltd | Production |
| West Bangkanai PSC | 30% | 30% | Salamander Energy | Exploration |
| Pangkah PSC | 100% | 100% | Saka Indonesia Pangkah Ltd. | Production |
| Muriah PSC | 20% | 20% | Petronas Carigali Muriah Ltd. | Production |
| Fasken | 36% | 36% | Swift Energy Operating LLC. | Production |
| South East Sumatra PSC | 8,91% | 8.91% | CNOC SES Ltd. | Production |
| Muara Bakau PSC | 11,6% | 11.6% | ENI Muara Bakau BV | Development |
| Wokam II PSC | 100% | 0 | PT Saka Energi Wokam | Exploration |
| Sanga Sanga | 37.8125% | 0 | Virginia Indonesia Co. LLC | Production |

| Blocks Name | Entitas Anak SEI Pemegang PI |
|---|---|
| Ketapang PSC | PT Saka Ketapang Perdana (SKP) |
| South Sesulu PSC | PT Saka Indonesia Sesulu (SIS) |
| 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) |

## PT GAGAS ENERGI INDONESIA

PT Gagas Energi Indonesia (GEI) is the subsidiary of PT Perusahaan Gas Negara (PGN) that engages in the businesses of processing, transportation, storage, and trading of oil and natural gas as well as other energy. GEI provides natural gas for power plants, industries, commercials, households, and transportations, with the customers segment targets are small and medium industries, commercial, as well as transportation. The development strategy of GEI among others is the gas distribution through non-pipe transportation mode such as CNG or LNG trucking/retail, development of Household gas networks, as well as the power plants.

GEI has also step into potential business in power plant sector to add value from natural gas development activities through subsidiary PT Widar Mandripa Nusantara (WIDAR). Shareholders of WIDAR are GEI of 99.99% and PT Permata Karya Jasa of 0.004%




In order to support the Government's program and to broaden the gas distribution and utilization for the transportation sector, GEI built Gas Refueling Stations and Mobile Refueling Unit (MRU) in several places in Indonesia. Until 2016, GEI has and manages the CNG station (SPBG) and Mobile Refueling Unit (MRU) facilities in 15 locations which are in Jakarta, Lampung, Bogor, Surabaya, Batam, Purwakarta, Bekasi, Sukabumi, Bandung, and Gresik.

On 31 December 2016, the compositions of the Board of Commissioners and the Board of Directors of GEI were as follows:

### BOARD OF COMMISSIONERS

| | |
|---|---|
| Dilo Seno Widagdo | President Commissioner |
| Makhdum Priyatno | Commissioner |
| Hufron | Commissioner |

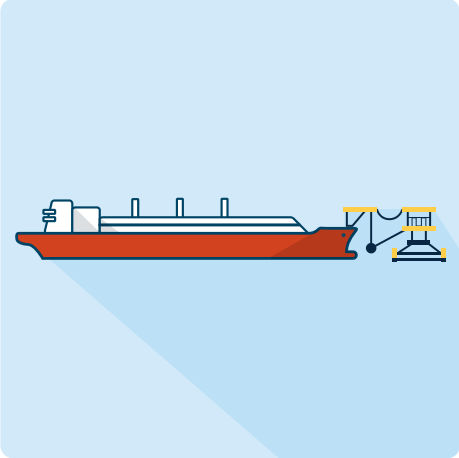
### BOARD OF DIRECTORS

| | |
|---|---|
| Ahmad Cahyadi | President Director |
| Ariadi | Director |

## PT PGN LNG INDONESIA

PT PGN LNG Indonesia (PLI) is the subsidiary company of PGN, established on 26 June 2012 that has the objective to develop LNG business in PGN Group. The scope of PLI's business activities cover the procurement of LNG supply sources, natural gas liquefaction into LNG; LNG and natural gas distribution and transportation, storage and LNG regasification, other relevant business activities that support the business activities of PGN LNG.

Currently, PLI operates a Floating Storage Regasification Unit (FSRU) which located 21 km at the offshore of Labuan Maringgai (Lampung), with an LNG storage capacity of 170,000 m3 and send out capacity of 240 MMscfd. The FSRU Lampung that connected with yoke mooring tower, offshore pipelines for 24 km long, and Onshore Receiving Facility (ORF) in Labuhan Maringgai has the important role in supporting the reliability of supplies for the PGN's South Sumatera West Java (SSWJ) transmission network.



The PGN LNG's market development strategy is focused on the market segment target with dominant gas consumption, which are power plants, industrial region, and smelters. One of the initiatives of PGN LNG's market development, that is by targeting the small scale of LNG business with the break bulking supply of FSRU Lampung. The break bulking initiative will become the supply solutions for the center needs with locations spread out in West Indonesia and improve the utilization of FSRU Lampung. Going forward, PGN LNG is committed to build and operate the LNG facilities and infrastructure in the eastern part of Indonesia in order to support the Government's program to accelerate the economic development in the eastern of Indonesia region.

On 31 December 2016, the compositions of the Board of Commissioners and the Board of Directors of PLI were as follows:

### BOARD OF COMMISSIONERS

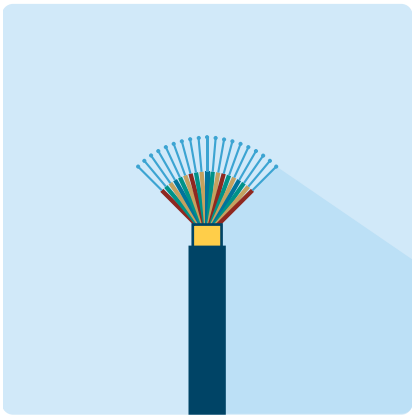
| | |
|---|---|
| Danny Praditya | President Commissioner |
| Djoko Siswanto | Commissioner |
| Hambra | Commissioner |

### BOARD OF DIRECTORS

| | |
|---|---|
| Mugiono | President Director |
| Joko P Gunawan | Director of Technic and Operation |
| Eri Surya Kelana | Director of Finance and Administration |

## PT PGAS TELEKOMUNIKASI NUSANTARA

PT PGAS Telekomunikasi Nusantara (PGASCOM) is the Subsidiary Company of PGN that engages in the telecommunication network business, established in 2007. The main business activity of PGASCOM is ICT Solution that covers the Data Communication & Internet Solutions, Business Solutions, and Managed Services. PGASCOM has the exclusive rights from PGN to manage and operate PGN's fiber optic networks for 1,300 km long from Jakarta to the border of Singapore with capacity up to 160GBps and use 24 up to 96 cores optic cables. As the provider of the reliable backbone, PGASCOM that its 99.93% shares owned by PGN and the 0.07% owned by PGN Retirement and Employee Welfare Foundation (YKPP PGN), has a subsidiary namely PT Telemedia Dinamika Sarana ("TDS") and PGAS Telecommunication International Pte Ltd ("PTI") domiciled in Singapore.



PGASCOM has licenses to support its businesses, which are the Closed Fixed Network License, the Principle License of a Packet Switched-based Local Fixed Network (JARTAPLOK) Implementation, Landing Right License, Network Access Provider License and through its subsidiary, TDS that has the Internet Service Provider License and PTI that has the Service Based Operator ("SBO") License issued by the Infocomm Development Authority ("IDA") of Singapore. Currently, PGASCOM has been operating in 13 cities in various regions of Sumatera and Java.

On 31 December 2016, the compositions of the Board of Commissioners and the Board of Directors of PGASCOM were as follows:

### BOARD OF COMMISSIONERS

| | |
|---|---|
| Muhammad Wahid Sutopo | President Commissioner |
| Roedy Poerwanto | Commissioner |
| Anak Agung Gde Ngurah Ari Dwipayana | Commissioner |

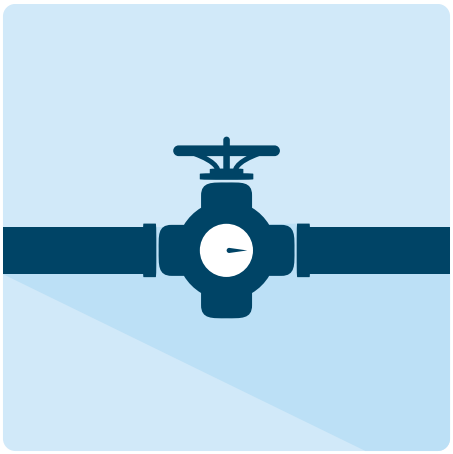
### BOARD OF DIRECTORS

| | |
|---|---|
| Sri Budi Mayaningsih | President Director |
| Bambang Ismartono | Director of Technic and Operation |
| Noor Diana Prasetyawati | Director of Finance and Administration |

## PT TRANSPORTASI GAS INDONESIA

PT Transportasi Gas Indonesia (TGI) is the owner as well as the operator of a leading natural gas pipeline in Indonesia. The Shareholders of Transgasindo are PGN, Transasia Pipeline Company Pvt. Ltd. and Yayasan Kesejahteraan Pegawai Perusahaan Umum Gas Negara (PGN's Employees Welfare Foundation) with the respective shares ownership of 59.87%, 40% dan 0.13%.

Transgasindo is the first Indonesian Company that focuses its business in the natural gas transportation, either for domestic markets in Sumatera and Batam or international market in Singapore. With an experience of more than 10 years in the natural gas transportation business and the zero-down time commitment as well as the operational that is environmentally sound, Transgasindo is one of the trustable transporters with pipelines network more than 1.000 km both in land and sea.



Transgasindo operates Grissik – Singapura pipelines for 470 km long and Grissik – Duri, Riau for 536 km long. Transgasindo also operates several compressor stations in Sakernan, Belilas and Jabung (Sumatera), also meter stations in Duri – Riau, Panaran, Batam, and Pemping, Riau Islands. All pipeline networks and stations are monitored for 24 hours, 7 days a week by special facilities.

On 31 December 2016, the compositions of the Board of Commissioners and the Board of Directors of Transgasindo were as follows:

### BOARD OF COMMISSIONERS

| | |
|---|---|
| Nusantara Suyono | President Commissioner |
| Abdul Razak Saim | Vice President Commissioner |
| Heri Yusup | Commissioner |
| Andrew Thompson | Commissioner |
| Tumbur H.P Nainggolan | Commissioner |

### BOARD OF DIRECTORS

| | |
|---|---|
| Irawati | President Director |
| Doddy Adianto | Director of Technic |
| Zuryati Simbolon | Director of Finance and Administration |
| Abdul Rashid bin Mukri | Director of Operation |
| Gadang Marpaung | Director of Business Development |

## PT PGAS SOLUTION

PT PGAS Solution (PGAS Solution) is the Subsidiary Company of PGN that was established on 6 August 2009 with 4 main focusses, namely: Operation & Maintenance, Engineering, EPC, Trading. The Shareholders of PGASSOL are PGN and Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara (PGN's Retirement and Employees Welfare Foundation) with the respective shares ownership of 99.91% and 0.09%.

In order to be more competent in the technical area, PGAS Solution established a subsidiary in the technical and engineering business that is PT Solusi Energi Nusantara (SENA). SENA was established on 20 April 2015 and has the main business activity that is providing engineering services in the oil and gas industry which covers the pipeline, mechanical, electrical, geodetic, civil, process dan telemetry sectors. The Shareholders of SENA are PGAS Solution and PERMATA with the respective shares ownership of 99.9% and 0.1%.



On 31 December 2016, the compositions of the Board of Commissioners and the Board of Directors of PGASSOL were as follows:

### BOARD OF COMMISSIONERS

| | |
|---|---|
| Hendi Kusnadi | President Commissioner |
| Edi Purnomo | Commissioner |
| Fahmi Harsandono | Commissioner |
| Susyanto | Commissioner |

### BOARD OF DIRECTORS

| | |
|---|---|
| Sulistyo Elly Hariyanto | President Director |
| Chaedar | Director |
| Yosviandri | Director |
| Yoga Trihono | Director |

## PT PERMATA GRAHA NUSANTARA

PT Permata Graha Nusantara (PERMATA) is the Subsidiary Company of PGN that engages in the business of Facility Management services, including the provisions of manpower, Asset Management, Entrepreneurial Real Estate, Archival Management, Real Estate/Developer, and other businesses. The Shareholders of Permata are PGN and PGAS Solution with the respective shares ownership of 99.95% and 0.05%. To support the provisions of manpower services business, Permata established PT Permata Karya Jasa ("PERKASA"). The shares ownerships of PERKASA are PERMATA by 75% and Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara (PGN's Retirement and Employees Welfare Foundation) by 25%.



At the end of 2016, the compositions of the Board of Commissioners and the Board of Directors of Permata were as follows:

### BOARD OF COMMISSIONERS

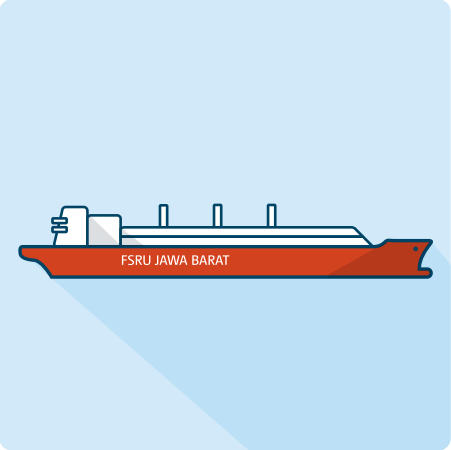
| | |
|---|---|
| Hendi Kusnadi | President Commissioner |
| Suprijanti | Commissioner |

### BOARD OF DIRECTORS

| | |
|---|---|
| Adrian Priohutomo | Direktur Utama |
| Supriyadi | Director of Finance and Administration |

## PT NUSANTARA REGAS

PT Nusantara Regas (NR), is a joint venture company between PT Pertamina (Persero) and PGN that was established on 14 April 2010 which has scope of business activity that covers the natural gas trading business, among others the procurement of Floating Storage Regasification Unit (FSRU) facilities, procurement of storage and floating regasification facilities, including but not limited to gas transportation facilities and the relevant facilities/infrastructure.




Not only expected to be able to handle the gas supply needs to power plants belong to PLN and some industrial players in West Java. The NR's establishment is also intended to support the diversification of gas supply in Indonesia and at the end provides a contribution to the development of national energy that is reflected especially in the optimization of capacity utilization of FSRU infrastructure and regasification terminal services.

The compositions of the Board of Commissioners and the Board of Directors of NR at 31 December 2016 were as follows:

### BOARD OF COMMISSIONERS

| | |
|---|---|
| Yenni Andayani | President Commissioner |
| Tanudji Darmasakti | Commissioner |
| Mugiono | Commissioner |
| Ferry Andrianto | Commissioner |

### BOARD OF DIRECTORS

| | |
|---|---|
| Tammy Meidharma | President Director |
| Bara Frontasia | Director of Operation and Commercial |
| Dadang Gandara | Director of Finance and General Services |

## PT KALIMANTAN JAWA GAS

PT Kalimantan Jawa Gas ("KJG") is a limited liability company that was established on 23 July 2013. KJG engages in the natural gas transportation business, with the composition of KJG's shares ownerships is PT Permata Graha Nusantara by 80% and PT Bakrie & Brothers, Tbk by 20%. In 2016, KJG undertook natural gas transportation through Kalija I natural gas transmission pipelines for ± 200 km long extending from Kepodang Field owned by Petronas Carigali Muriah Limited ("PCML") to PT Indonesia Power (PT Perusahaan Listrik Negara (Persero))'s power plant unit in Tambak Lorok. That gas transportation has been started since 22 August 2015 and has been transporting since January 2016 until December 2016 as much as 33,396.25 MMscf.



On 31 December 2016, the compositions of the Board of Commissioners and the Board of Directors of KJG were as follows:

### BOARD OF COMMISSIONERS

| | |
|---|---|
| Dilo Seno Widagdo | President Commissioner |
| Ade Erlangga Djarwo | Vice President Commissioner |
| Montty Girianna | Commissioner |
| Surat Indrijarso | Commissioner |

### BOARD OF DIRECTORS

| | |
|---|---|
| Ismet S.A. Pane | President Director |
| Bambang Banyudoyo | Vice President Director |
| Cahyo Triyogo | Director of Technic and Operation |
| Rigo Supratman | Director of Finance and Administration |

# STOCK LISTING CHRONOLOGY

On 5 December 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 15 December 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 increase 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 15 January until 14 February 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 13 June 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 to 22,967,185,965 shares. The fractions of new shares were effective on the Indonesia Stock Exchange on 4 August 2008.

## SHARES BUYBACK

Based on the Extraordinary General Meeting of Shareholders of PT Perusahaan Gas Negara (Persero) Tbk which was held in Jakarta on 22 December 2008, the Company repurchase the outstanding shares amounted to 1,850,000 shares on 24 October 2008. With this shares buyback, then at the end of 2008, the Company has 1,850,000 shares as Treasury Stocks and the total number of outstanding shares amounted to 22,967,185,965 shares. Bythe end of 2009, the number of the Company's shares increased by 1,274,.322,231 shares, as the resultof the Government's loan conversion to the Company in April and October 2009 therefore the total number of the Company's shares to 24,241,508,196 shares. The number of shares at the end of the 2010 fiscal year by the end of 2015 was 24,241,508,196 shares with the Government of the Republic of Indonesia's ownership amounted to 13,809,038,756 shares (56.96%), public amounted to 10,432,469,440 shares (43.04%) which consist of 10,430,619,440 free float shares and 1,850,000 treasury stocks .

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

| No | Remarks | The State of the Republic of Indonesia (shares) | Public (shares) | Treasury (shares) | Total (shares) | Ownership Percentage of the State of the Republic of Indonesia |
|---|---|---|---|---|---|---|
| 1 | Before IPO | 3,500,000,000 | | | 3,500,000,000 | 100% |
| | | | | | | |
| 2 | IPO (15 December 2003) listed in the JSX* and SSX* | | | | | |
| | Divestment | (864,198,000) | 864,198,000 | | | |
| | The issuance of new shares without pre-emptive rights | | 820,987,000 | | | |
| | | 2,635,802,000 | 1,685,185,000 | | 4,320,987,000 | 61.00% |
| | | | | | | |
| 3 | DPP 1 Conversion (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 | Stage 1 DPP 2 Conversion (April 2009) | 992,724,172 | | | | |
| | | 13,527,440,697 | 10,430,619,440 | 1,850,000 | 23,959,910,137 | 56.46% |
| | | | | | | |
| 9 | Stage 2 DPP 2 Conversion (October 2009) | 281,598,059 | | | | |
| | | 13,809,038,756 | 10,430,619,440 | 1,850,000 | 24,241,508,196 | 56.96% |
| | | | | | | |
| 10 | The number of shares at the end of 2016 fiscal year | 13,809,038,756 | 10,430,619,440 | 1,850,000 | 24,241,508,196 | 56.96% |

# THE CHRONOLOGY OF OTHER SECURITIES LISTING AND SECURITIES RATING

On 23 April 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 12 May 2014, with the aggregate offering principal value amounted to USD1,350,000,000, 10 years tenor, acoupon rate of 5.125% per annum with offering price 99.037% of the nominal value (Senior Notes due 2024). The interest of Senior Notesdue 2024 was paid on 16 November and 16 May each year, with the first interest payment on 16 November 2014. Senior Notes due 2024 will expire on 16 May 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 wasofficially listed and traded in SGX on 19 May 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 2016 fiscal year.

## PGN's Credit Rating

In 2016, an increase i on PGN'scredit ratings outlook occurred. This provides a positive perception on the company's ability to meet its long-term liabilities.

### 2015-2016 CREDIT RATINGS COMPARISSON

| Rating Agencies | 2016 | | 2015 | |
|---|---|---|---|---|
| | Rating | Outlook | Rating | Outlook |
| Moodys | Baa3 | Stable | Baa3 | Stable |
| Fitch Ratings | BBB- | Positive | BBB- | Stable |
| S&P | BB+ | Positive | BB+ | Stable |
| Pefindo | idAAA | Stable | idAAA | Stable |

# NAMES AND ADDRESSES OF CAPITAL MARKET SUPPORTING INSTITUTIONS OR PROFESSIONALS

### SHARE REGISTRAR
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 Lt.5
Jl. Jend. Sudirman kav. 52-53, Jakarta 12190
Indonesia
T. (62-21) 515 2855
F. (62-21) 5299 1199

### SECURITIES ADMINISTRATION BUREAU
The first time appointed as the sSecurities Administration Bureau is based on the Agreement of Shares Administration Management with regard to PGN's Initial Public Offering (IPO) PGN with contract No. 030.KK/92/UT/2003 made and signed on 10 October 2003.

### KANTOR AKUNTAN PUBLIK TANUDIREDJA, WIBISANA, RINTIS & REKAN
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

### 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 Lantai 17
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

PT Datindo Entrycom provides the secondary market administration services whereby PT Datindo Entrycom responsible for the preserverence of the shareholders' list and recorded changes on the shareholders' list on behalf of the issuer. The Company issued an annual fee on the secondary administrative services for 2015 amounted to Rp44,000,000,- (including VAT).

## PUBLIC ACCOUNTANT FIRM

Based on the recommendation of the Board of Commissioners, the Company has appointed an external auditor in accordance with the PGN's Annual General Meeting of Shareholders on 8 April 2016, which one of the agenda is to approve the Public Accountant Firm(PAF) of Tanudiredja, Wibisana, Rintis & Partners (PricewaterhouseCoopers Indonesia), which is a PAF registered in the Capital Market Supervisory Agency to conduct General audit services on the PGN Consolidated Financial Statement for 2016 Fiscal Year, General audit on the Company's financial statement of Partnership and Environmental Development Programs for 2016 Fiscal Year, Audit on the compliance to regulatory and internal control of 2016, and Evaluation on the Company's performance for 2016 fiscal year that ended on 31 December 2016 and Key Performance Indicator (KPI) as determined by the Board of Commissioners. Total fees incurred for this services implementation in 2016 amounted to Rp4,273,000,000 (including OPE and PPN).

The PAF of Tanudiredja, Wibisana, Rintis & Partners (Pricewaterhouse Coopers Indonesia) became the Company's auditor since the 2016 fiscal year. That PAF has completed its tasks independently according to public accountant professional standards, work agreement, and the audit scope that has been set. The PAF of Tanudiredja, Wibisana, Rintis & Partners provided no other consultation services to PGN. The accountant who signed the Independent Auditor Report for 2016 Fiscal Year is Yusron, S.E., Ak., CPA.

## INDONESIA STOCK EXCHANGE

The Indonesia Stock Exchange is an institution that engages and provides a system and or facilities to unite the sales offer and buy demand of the other parties effects with the objective of securities trading. Therefore, PGN as the Public Company shall submit reports, events, material information or facts that relate to the Company to the Indonesia Stock Exchange.
PGN was registered on the Indonesia Stock Exchanges on 15 December 2003. The annual fee for 2015 amounted to Rp247,500,000 (including VAT).

## INDONESIAN CENTRAL SECURITIES DEPOSITORY

The Company that its effects registered in KSEI use KSEI services to administer the issued effects, among others to obtain data of parties who hold the effects and as part of distribution process of the corporate actions, the Company issued an annual fee for membership for 2015 amounted to Rp11,000,000 (including VAT).

# AWARDS AND CERTIFICATIONS

01



02




03



04




05




06




07




08



09



10




11



12



13




14



15



## AWARDS FOR 2016

01

### BEST SUSTAINABILITY AWARD REPORT 2015

Category Best Overall awarded by The National Center For Sustainability Reporting (NCSR)

02

### BEST GCG

Achieve very good (A) for Energi category from Indonesia Good Governance Award II 2016 Economic Review.

03

### THE WINNER OF BEST SUSTAINABILITY REPORT 2015

Sustainability Report Award 2016, category Energy awarded by The National Center For Sustainability Reporting (NCSR).

04

### TOP INFRASTRUCTURE 2016

Awarded by Business News on the category of Top Infrastructure on Energy Sector 2016.

05

### THE BEST ROLE OF STAKEHOLDERS

Awarded by Indonesia Institute for Corporate Directorship.

06

### PATRA NIRBHAYA KARYA UTAMA

Awarded by The Minister of Energy and Mineral Resources.

07

### INDONESIA GREEN AWARD 2016

On the Category of Flora and Fauna Conservation and energy conservation, development of new energy and renewable energy from The La Tofi School of CSR.

08

### MINISTER OF EMPLOYMENT AWARD

Award as the implementation of P2-HIV and AIDS Education.

09

### ASEAN OSHNET

Awarded as the representative of Indonesia on ASEAN Occupational Safety and Health Network.

## CERTIFICATION OWNED BY PGN

10

### CERTIFICATION OF AUDIT

Certification on Occupational Safety and Health Management System.

11

### CERTIFICATION OF ISO 14001:2004 CERTIFICATION

Certification on Implementing the Environment Management System.

12

### CERTIFICATION OF OHSAS 18001:2007

Certification OHSAS on Implementing Safety and Health on Work Environment Management System.

13

### WINNER SUSTAINABLE FINANCE AWARD

Awarded by Otoritas Jasa Keuangan.

14

### MINISTER OF EMPLOYMENT AWARD

Awarded for safety work environment.

15

### MINISTER OF ENVIRONMENT AND FORESTRY AWARD

Awarded as Proper Blue Class on 2015 - 2016.

# NAMES AND OFFICE ADDRESSES OF SALES AREA, SUBSIDIARY AND AFFILIATED COMPANIES

## SALES AREA OFFICE

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

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

### Tangerang Sales Area
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

### Cilegon Sales Area
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

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

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

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

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

### Palembang Sales Area
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

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

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

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

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

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

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

### Pekanbaru Sales Area
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

## BUSINESS UNIT

### Business Unit Infrastructure and Operations
Gedung Graha PGAS Lantai 4,6 & 8
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 Lantai 9
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 Infrastructure
Gedung Graha PGAS Lantai 8
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 Lantai 5
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

## SUBSIDIARY COMPANIES

### PT Transportasi Gas Indonesia (Transgasindo)
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 Lt. 4
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, Lt. 4
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
Lantai 11-12, SCBD, Lot 11a
Jl. Jend. Sudirman Kav. 52-53,
Jakarta 12190, Indonesia
T. (62 21) 2995 1000
F. (62 21) 2995 1001

## AFFILIATED COMPANIES

### PT Gagas Energi Indonesia (GEI)
Kompleks Gedung PGN
Gedung B Lt. 9 - 10
Jl. KH. Zainul Arifin No. 20
Jakarta 11140, Indonesia
T. (62-21) 29071415
F. (62-21) 29071138 / 1140

### PT PGN LNG Indonesia (PLI)
Kompleks Gedung PGN
Graha PGAS Lt. 2
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 Lt. 8
Jl. KH. Zainul Arifin No. 20
Jakarta 11140, Indonesia
T. (62-21) 633 1180
F. (62-21) 634 0031

### PT Kalimantan Jawa Gas (KJG)
Kompleks Gedung PGN
Gedung B Lt. 2
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 Lt. 19
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


01


02


03



05


07


08


09


10


11


12


13

BUMN
Hadir untuk negeri
15


16

**01**
**JANUARY 2016**
PGN implemented the operation of City Gas Network Assignment from the Ministry of Energy and Mineral Resources in Tarakan . The Government assigned PGN to managed 3,366 Housing Connections in Tarakan .

**02**
**MARCH 2016**
The PGN's natural gas for Household Customers segment had began consumed in Cilegon, West Java. This development to Cilegon was a form of PGN's commitment to improve the natural gas accessibility to various segment of customers in area where PGN has been operated.

**03**
**MARCH 2016**
The implementation of Innovation of Natural Gas Distribution Modes through CNG Cradle in Surabaya and Jakarta. With the CNG Cradle, Customers of commercial sector nowdays is able to register as customer even though there is no gas network available around the location.

**04**
**MARCH 2016**
PGN implemented the operation of City Gas Network Assignment from the Ministry of Energy and Mineral Resources in Semarang. The Government assigned PGN to managed 3,898 Housing Connections in Sorong.

**05**
**APRIL 2016**
The PGN's General Meeting of Shareholders have agreed to the changes of BOC and BOD as well as dividends distribution amounted to Rp. 2.2 trillion.

**06**
**APRIL 2016**
PGN found gas reserves of 500 BCF in South Sesulu work area, off-shore of East Kalimantan through its subsidiary company PT. Saka Energi Indonesia.

**07**
**APRIL 2016**
PGN received an ASEAN OSHNET award (an award in the occupational safety and health area).

**08**
**MAY 2016**
PGN's 51st anniversary.

**09**
**JUNI 2016**
SPBG di Kota Batam siap dioperasikan. SPBG ini memiliki kapasitas 30.000 LSP per-hari.

**10**
**JUNE 2016**
PGN completed the expansion of distribution pipeline development in East Java which covers Mojokerto, Jombang up to Pasuruan areas. This distribution network could distribute gas up to more than 50 MMscfd.

**11**
**JUNE 2016**
The operation of Mobile Refueling Unit (MRU) in Antapani Terminal, Bandung to serves public transportation and personal vehicles.This MRU has a capacity of 9.000 LSP per-day..

**12**
**JULY 2016**
PGN implemented the operation of City Gas Network Assignment from the Ministry of Energy and Mineral Resources in Blora District. The Government assigned PGN to managed 4,000 HousingConnections in Blora District. With the operation of such gas network, then PGN has operated Gas Networks in 19 Cities – 10 Provinces in Indonesia.

**13**
**JULY 2016**
The Gas Refueling Station in Bandar Lampung City was ready for operation. This Gas Refueling Station has a capacity of 30,000 LSP per-day.

**14**
**JULY 2016**
The subsidiary company PT. Gagas Energi Indonesia ("Gagas"), reached 1,000,000 safe work hours in the operation of Gas Refueling Stations and other supporting operational activities.

**15**
**AUGUST 2016**
PGN implemented various social activities at the SOE Hadir Untuk Negeri Program in West Nusa Tenggara with regard to the Independence Day of the Republic of Indonesia.

**16**
**AUGUST 2016**
PGN was assigned to undertake the construction and operation of the natural gas pipelines project of WNTS from Pemping Island to Batam by the Government. This pipeline will deliver the gas from Natuna to PGN's integrated infrastructures..


17


18



22

**17**

**AGUSTUS 2016**

PGN gas network are expanded to customer in Sidoarjo, Neglasari. Starting from residential to industrial customer.

**18**

**SEPTEMBER 2016**

PGN found a new oil source in the Sidayu Empat Field, Pangkah Block East Java through its subsidiary company PT. Saka Energi Indonesia. Such reserves is estimated to have oil reserves amounting to 300 MBOE and expected to produce in 2019.

**19**

**SEPTEMBER 2016**

PGN achieved the Best Human Capital Index Effectiveness for the category of Energy and Mining Sector from Indonesia Human Capital Study.

**20**

**SEPTEMBER 2016**

PGN received an IDX Top Ten Blue 2016 award from the Indonesia Stock Exchange. The IDX Top Ten Blue is an award for the company whose shares registered as the most liquid traded by investors.

**21**

**DECEMBER 2016**

PGN became the Winner of 2016 Sustainability Report in the Energy Category and also received an award as the General Champion or Best Overall RA 2016 from the National Center for Sustainability Reporting.

**22**

**DECEMBER 2016**

PGN received the Best GCG award with criteria "A" from the Economic Review.

**23**

**DECEMBER 2016**

PGN received the Sustainable Finance Award for Public Listed Company category from the Financial Services Authority ("FSA").

# MANAGEMENT'S DISCUSSIONS AND ANALYSIS

04

# 04 MANAGEMENT'S DISCUSSIONS AND ANALYSIS



# MANAGEMENT'S DISCUSSION AND ANALYSIS




## To be World Class Energy Company in Gas Sector in 2020

PGN has transformed and strengthen its Group Synergy in facing global economic challange in order to improve its value added to entire natural gas value chain from upstream to downstream

This Annual Report contains statements that are characterized as "forward-looking statements" concerning the future events within the meaning set out in foreign investment law. Future event information typically contains statements using sentences began with or containing meanings of "anticipate," "believe," "expect," "plan," "intend," "estimate," "propose," or equivalent words suggesting future outcomes or statements regarding an outlook. Every statement, other than statements of historical facts contained within this annual report, including but not limited to matters regarding future financial position and results of operations and strategy, plan and objective, goal and target, with respect to matters related to development or expansion, dividend payment, as well statements preceeded by, followed by, or that contain words "believe," "expect," "aim," "intend," "will," "may," "project," "estimate," "target," "anticipate," "predict," "seek," "shall" or equivalent words with statements related to future events.
Future events using forward-looking statements include known and unknown risks, uncertainties and other factors that are beyond the control of the Company, which may bring upon the actual result, performance or achievement, where they are materially different from the Company's future plan, performance, or achievement as expressed by these forwardlooking statements within this annual report.

Forward-looking statements contained within this annual report are stated based on various assumptions in regards to the present and future business strategy and also the environment where the Company will be operating in the future. Readers of this annual report are reminded that forward-looking statements are not and shall never be the kind of statements that provide guarantee of the Company's work performance in the future for the actual result of the Company's work performance and condition in the future may differ materially from what are stated, projected or assumed within those forward-looking statements.

Important factors that may cause actual conditions, performance or achievement of the Company to differ materially from those stated in the prospective statement include but are not limited to the following:

- Changes in regulations in Indonesia, both those that directly as well as indirectly affect the operations of the Company.
- Changes in government policies in the area of oil and gas areas.
- The economic, national, regional or global conditions that affect the economic activities or disturbance of the market due to global factors.
- Changes due to inflation, due to interest rate differential, or due to difference in currency convertability.
- Others (if there are other matters related to PGN's businesses that may influence forwardlooking statements within this annual report).

The following management and discussion analysis is intended as an explanation of Company's performance and refers to PGN's Consolidated Financial Report of PGN dated December 31, 2016 which are audited by Public Accounting Firm (KAP) Tanudiredja, Wibisana, Rintis & Partners (PricewaterhouseCoopers Indonesia).

# BUSINESS SEGMENTS OPERATING OVERVIEW

As a State Owned Enterprise engaged in the transmission and distribution of natural gas, PGN's business refers to the Oil and Gas Law No. 22 of 2001. It requires the separation of entities engaged in the upstream and downstream, as well as for the benefit of management in running its operations. Therefore, PGN splits the business into 4 (four) segments, namely (1) Transmission / Transportation Business Segment, (2) Distribution / Commerce Business Segment, (3) Oil and Gas Businee Segment, and (4) Other Business Segment including: telecommunication, LNG, buildings and equipment management and leasing, and financial lease.

2016 was the implementation year of second phase of PGN transformation (2016-2020), namely optimizing the full potential to become a world-class leading energy company in Indonesia. In the business of transmission/ transportation and distribution/commerce, transformation marked by restructuring the organization in more effective and strategic ways as well as being active advisor. PGN's activities, as a Holding Company, became decrease in operational engagement and transferred into strenghtening operational activities in Subsidiaries. At this phase, the organization restructuring carried out by forming two business units to manage operational activities for the achievement of the company's operations target more effective and efficient.

PGN formed two business units, namely Business Unit Infrastructure and Operations (BUIO) as the manager of infrastructure and Gas Business Unit Product (BUGP) as the manager of the commodity. Each business unit will pursue activities to optimize the achievement of the operational targets, both on the growth and the utilization of the infrastructure as well as on the growth of sales volume and customer satisfaction. The restructuring had no impact on the services to PGN's customers and prospective customers.

## PROFITIBILITY PER BUSINESS SEGMENT:

| Business Segment (in million USD) | Transmission/ Transportation | | Distribution/ Trading | | Oil and Gas | | Others | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenue Net | 8.10 | 7.03 | 2,539.44 | 2,612.80 | 314.11 | 263.70 | 73.12 | 185.26 | 2,934.78 | 3,068.79 |
| Segment Expense | (87.06) | (63.15) | (1,655.78) | (1,723.41) | (313.52) | (258.65) | (322.93) | (328.24) | (2,379.29) | (2,373.45) |
| **Profit** | **(78.96)** | **(56.12)** | **883.66** | **889.39** | **0.59** | **5.05** | **(249.80)** | **(142.98)** | **555.49** | **695.34** |

## TRANSMISSION/TRANSPORTATION BUSINESS SEGMENT

Gas transmission / transportation is the activity of transporting natural gas owned by shipper from recieving points in the form of a gas field or other source to the delivery point through a high-pressure transmission pipelines. In this business segment, PGN operates of transmission pipelines to deliver gas owned by shipper and get benefits in the form of toll fees, in which the amount was stipulated by the Downstream Oil and Gas Regulatory Agency (BPH Migas). The following overviews show the information of the transmission pipelines operated by PGN in transmission / transportation business activities.

| No. | Transmission Pipeline | Lenghth (Km) | Shipper | Offtaker | Operator |
|---|---|---|---|---|---|
| 1 | Wampu – Belawan | 37 | PLN | PLN | PGN |
| 2 | SSWJ Phase I | 378 | - | PGN – Distribusi Jawa Bagian Barat | PGN |
| 3 | SSWJ Phase II | 626 | - | PGN – Distribusi Jawa Bagian Barat | PGN |
| | | | PLN | PLN – Muara Tawar | |
| | **Total** | **1.041** | | | |

In addition to PGN as the operator of the transmission pipelines, there were subsidiaries namely TGI and KJG, which act as the operators of the transmission pipelines with the following overview:

| No. | Transmission Pipeline | Lenghth (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 (for RAPP, IKPP, Pertamina Lirik, and Ukui) | |
| | | | PT Pertamina Hulu Jambi Merang Talisman (Jambi Merang) Limited Pacific Oil & Gas (Jambi Merang) Ltd. | PT Chevron Pacific Indonesia | |
| | | | PLN | PLN - Payo Selincah<br>PLN - Rengat<br>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<br>PLN Batam | |
| | | | Perusahaan Daerah Pertambangan dan Energi Sumatera Selatan (PDPDE South Sumatera) | PT Lontar Papirus Pulp & Paper Industry (LPPPI) | |
| | | | PT Inti Daya Latu Prima | PGN – Distribusi Batam<br>PLN Batam | |
| | | | PLN Batam | Tanjung Ucang Powerplant | |
| 3 | Kepodang – Tambak Lorok (Kalimantan Jawa I) | 201 | PLN | PLN - Tambak Lorok | KJG |
| | **Total** | **1,207** | | | |

Besides transporting natural gas activities through transmission pipelines, as a support for the Government's CNG fuel convertion program for the transportation sector, PGN also delivered natural gas to several SPBGs appointed by the government as part of the program. In 2016, PGN had delivered gas to seven units of SPBGs located in the Greater Jakarta area. In this activity, PGN obtains compensation for the cost of gas supply to SPBGs, in which the amount was stipulated by the Government.

**Operating Performance of Transmission / Transportation Business Segment**

In 2016, transmission / transportation business segment managed by PGN transported natural gas of 18 MMscfd from 17 MMscfd in 2015. It was influenced by the increase in volume of PGN transmission to Muara Tawar power plants. The Overview on Performance Transmission / Transportation Business Segment operated by PGN as follows:

| Transportation | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | MMscfd | (%) | MMscfd | (%) | |
| PGN : | | | | | |
| To SPBG Jakarta | 3 | 16.7 | 4 | 23.5 | (25.0) |
| To PLN Muara Tawar | 15 | 83.3 | 13 | 76.5 | 15.4 |
| **Total** | **18** | **100.0** | **17** | **100.0** | **5.9** |



In 2016, TGI and KJG transported 778 MMscfd of natural gas, from 772 MMscfd in 2015. The increase of 0.8% in this business segment due to higher volume of KJG's transmission which was already fully operated in 2016. However, there was a decrease in the gas transportation in transmission pipeline operated by TGI which was mainly caused by the decrease of gas supply for oil lifting sector by one of the shippers.

| Transportation | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | MMscfd | (%) | MMscfd | (%) | |
| TGI | 686 | 88.2 | 741 | 95.9 | (7.4) |
| KJG | 92 | 11.8 | 31 | 4.0 | 196.8 |
| **Total** | **778** | **100.0** | **772** | **100.0** | **0.8** |

In August 2015, PGN began operating transmission pipeline segment of Kepodang - Tambak Lorok through KJG. This transmission pipeline was used to transport natural gas owned by PLN from the Kepodang Field in Muriah block to PLN's power plant in Tambak Lorok, Semarang, Central Java. BPH Migas through BPH Migas Regulation No. 10/ 2015 had stipulated the toll fee from Kepodang transmission pipeline segments - Tambak Lorok amounted to USD2.326 / Mscf and effectively applied from the flow of gas to offtaker in August 2015. The pipe section had also received special permission for the determination of BPH Migas according to Decree of the Head of BPH Migas No. 28 / KT / BPH Migas / KOM / 2015.

Based on the determination of special rights of transmission pipeline system and determination of toll fees through transmission pipelines by BPH Migas, the following table shows the toll fee of transmission pipelines managed by PGN and its subsidiaries (in USD / Mscf).

| No | Transmission Pipeline | Operator | 2016 | 2015 |
|---|---|---|---|---|
| 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 |

### Transmission / Transportation Business Segment Revenue

In 2016, the transmission / transportation business segment revenues amounted to USD 8.10 million, from USD 7.03 million in 2015. An increase of 15.2% from this segment was due to higher transmission revenues of PGN on natural gas transportation to PLN Muara Tawar Power Plant.

In 2016, TGI contributed revenues amounted to USD158.72 million, from USD165.27 million in 2015. The decrease was due to declining volume of natural gas transported by TGI, which mainly caused by the decline in oil lifting of one of the shippers.

In 2016, KJG became fully operated and contributed revenues amounted to USD62.65 million, from USD22.82 million in 2015 for the operation from August to December 2015.

| Revenue | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Juta USD | % | Juta USD | % | |
| PGN | 8,10 | 3.5 | 7,03 | 3.6 | 15.2 |
| TGI* | 158,72 | 69.2 | 165,27 | 84.7 | (4.0) |
| KJG** | 62,65 | 27.3 | 22,90 | 11.7 | 174.5 |
| **Jumlah** | **229,47** | **100.0** | **195,12** | **100.0** | **17.6** |

*TGI's revenues presented in consolidated financial report as share in profit of associatied entities and joint ventures.
**KJG revenues presented as other income: financial lease.

## DISTRIBUTION / TRADING BUSINESS SEGMENT

Distribution / Commerce business segment was the activity of distribution and sale of natural gas to end users for Industries, Power Plants, Commercials and Households by using variety of modes, both pipeline and non-pipeline. This business segment was managed by PGN and its subsidiary, GEI.

The distribution and commercial business activities region of PGN scattered in several cities in Indonesia. Distribution and commercial business activities were managed by the Sales Area in each city. Nowdays PGN has 19 existing Sales Areas that carry out distribution and commercial business.
For the purposes of discussion in this Annual Report, The 19 Sales Areas were grouped into three Regional Distributions (RD), namely:

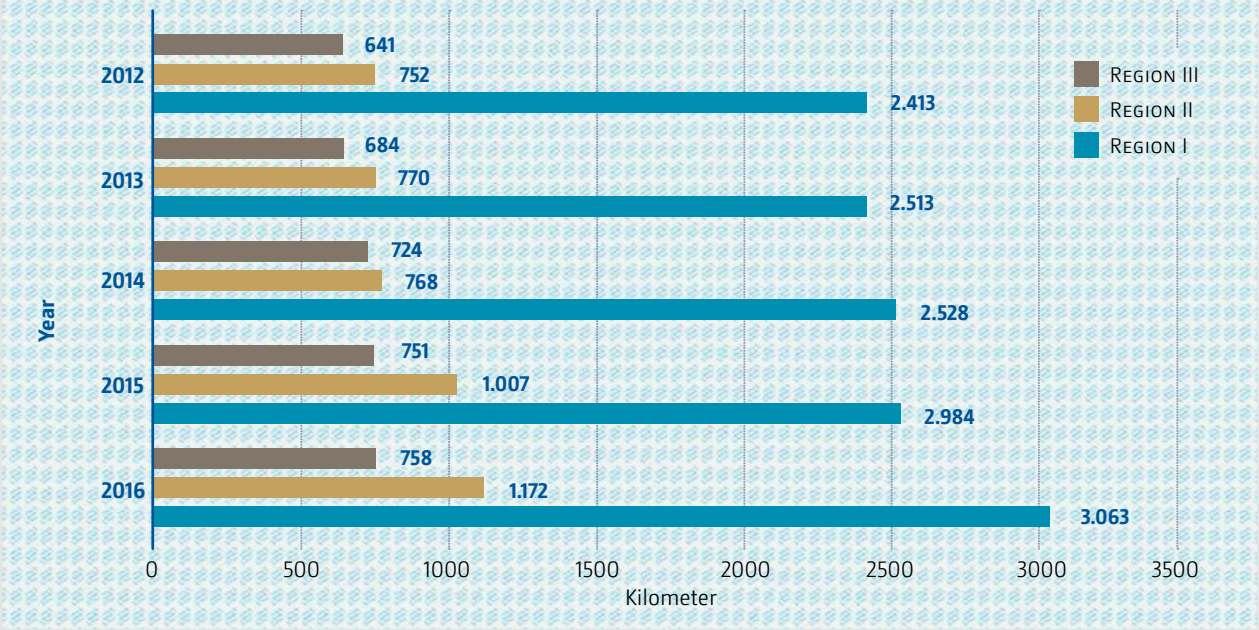
a. RD I: Covering The Sales Area of Jakarta, Bogor, Bekasi, Karawang, Tangerang, Cilegon, Lampung, Palembang, and Cirebon.
b. RD II: Covering The Sales Area of Surabaya, Sidoarjo, Pasuruan, Semarang, Tarakan, and Sorong.
c. RD III: Covering The Sales Area of Medan, Batam, Pekanbaru, and Dumai.

**Gas Distribution / Commerce Customers**

PGN serving various customer segments and devided its customer types into four segments, namely:

1. Household Customers
   Includes housing, flats managed by the government or private, condominiums, and apartments.
2. SPBGs Customers
   Customers that use natural gas for gas refueling activities for vehicles. For the purposes of discussion in this Annual Report, The customers categorized as SPBGs Customers were SPBGs and Mobile refueling Unit (MRU) owned by GEI.
3. Commercial Customers
   Includes Micro, Small, and Medium Enterprises (SMEs), health centers, hospitals, orphanages, education institutions, government offices, private offices, shopping malls, hotels, restaurants and other commercial businesses.
4. Industrial Customers.
   Includes manufacturing industries and power generation using natural gas as a fuel and / or raw materials in the activities in the chemical, ceramics, basic metals, fabricated metal, paper, glass, wood, cement, food, textile, oil lifting, power plant and other manufacturing industries. Period contracts with industrial customers and the applicable five-year automatic extension applies for the next five years.

## DISTRIBUTION PIPELINES (IN KILOMETERS)




| Regional Distribution (RD) | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| RD I | 3,063 | 2,984 | 2,528 | 2,513 | 2,413 |
| RD II | 1,172 | 1,007 | 768 | 770 | 752 |
| RD III | 758 | 751 | 724 | 684 | 641 |
| **Total** | **4,994** | **4,742** | **4,020** | **3,967** | **3,806** |

### Distribution/Trading Business Segment Operating Performance

In 2016, distribution / trading business activities distributed natural gas amounted to 803 MMscfd, from 802 MMscfd in 2015.

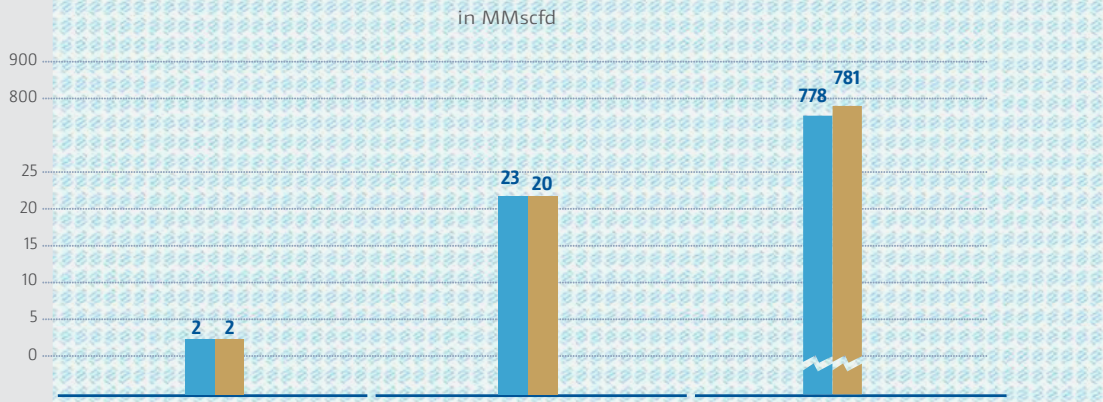
| Region | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | MMscfd | % | MMscfd | % | |
| RD I | 583 | 72.5 | 585 | 72.9 | (0.5) |
| RD II | 130 | 16.2 | 130 | 16.3 | (0.2) |
| RD III | 91 | 11.3 | 87 | 10.8 | 4.7 |
| **Total** | **803** | **100.0** | **802** | **100.0** | **0.1** |

Generally, the condition of natural gas distributions in all PGN operational areas were influenced by the economic condition in 2016. Global and regional economic conditions affected the level of demand for products in some industry sectors and also had an impact on the natural gas consumption of PGN customers. Some conditions related to sales in 2016 as follows:

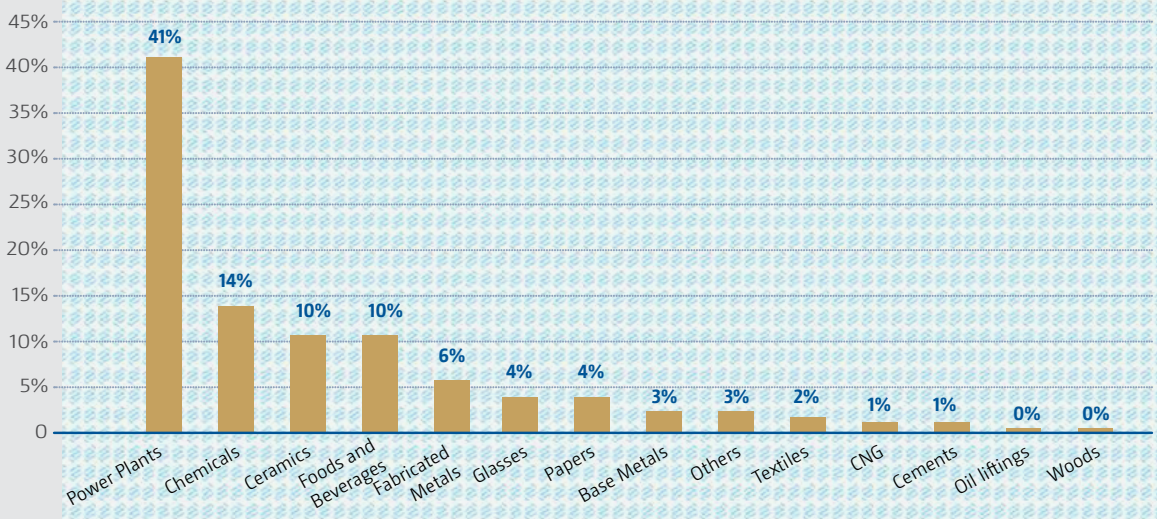
- The decline in demand for product of manufacturing / processing industries were caused by the weakening of customers purchasing power and the regulatory policies that not supported industrial sector, such as the regulation of plastic packaging (chemical sector), as well as competition with imported product from People's Republic of China (chemicals and ceramics sector).
- The steel prices in 2016 were decreased due to a slowdown in global demand and an excess production in People's Republic of China boosted their metal exports (base metals sector).
- The high exchange rate of USD to IDR also caused an increase in COGS of imported raw materials for certain industries (ceramics and base metals sector).
- The decline in economic performance such as real estate development, construction and automotive industries as the main customers of the processing industries (glass and ceramics sectors).
- The decline in the oil price reaching USD30/bbl in early 2016 caused the price of industrial fuel became more competitive than the price of natural gas.

The decline in natural gas price in Sales Area of Medan per January 1, 2016 contributed to the increasing volume of natural gas distribution Sales Area of Medan during 2016 compared to 2015.

## SALES VOLUME PER CUSTOMER SEGMENTS

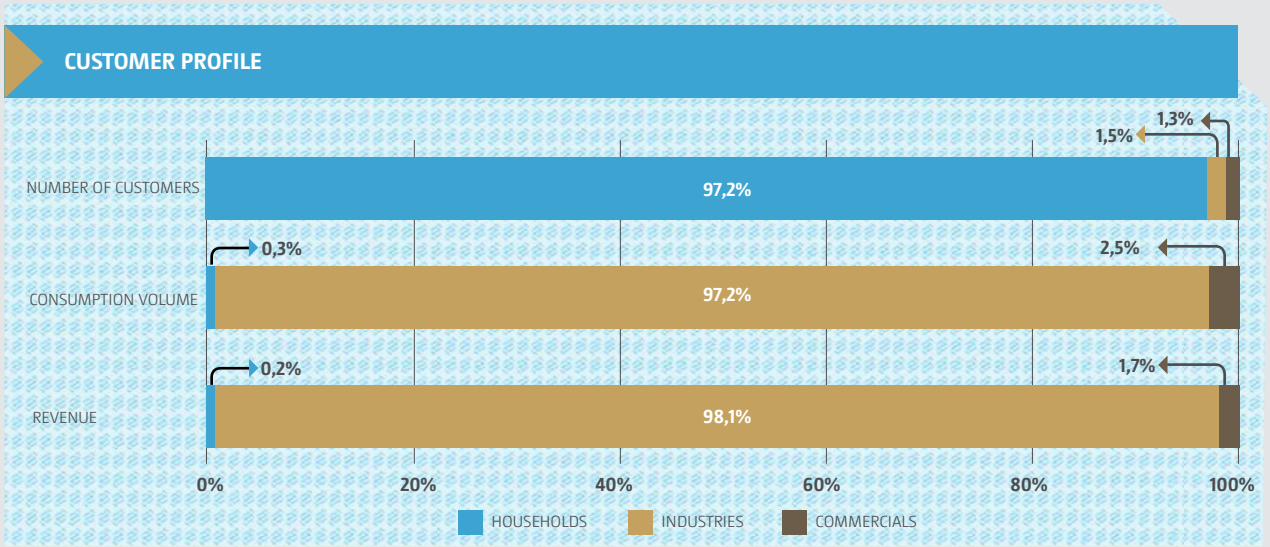



## PGN NATURAL GAS SALES PERCENTAGE PER INDUSTRY SECTORS 2016



## Customer Profile

The number of customers of PGN were dominated by households customers of 97% of the total natural gas customers of PGN. However, based on natural gas distribution volume, the industial customers had the largest portion. The industrial customers consumed 97% of the PGN's natural gas distribution. Natural gas demands in each customers were affected by the type and capacity of customer production equipment.




### Number of Customers

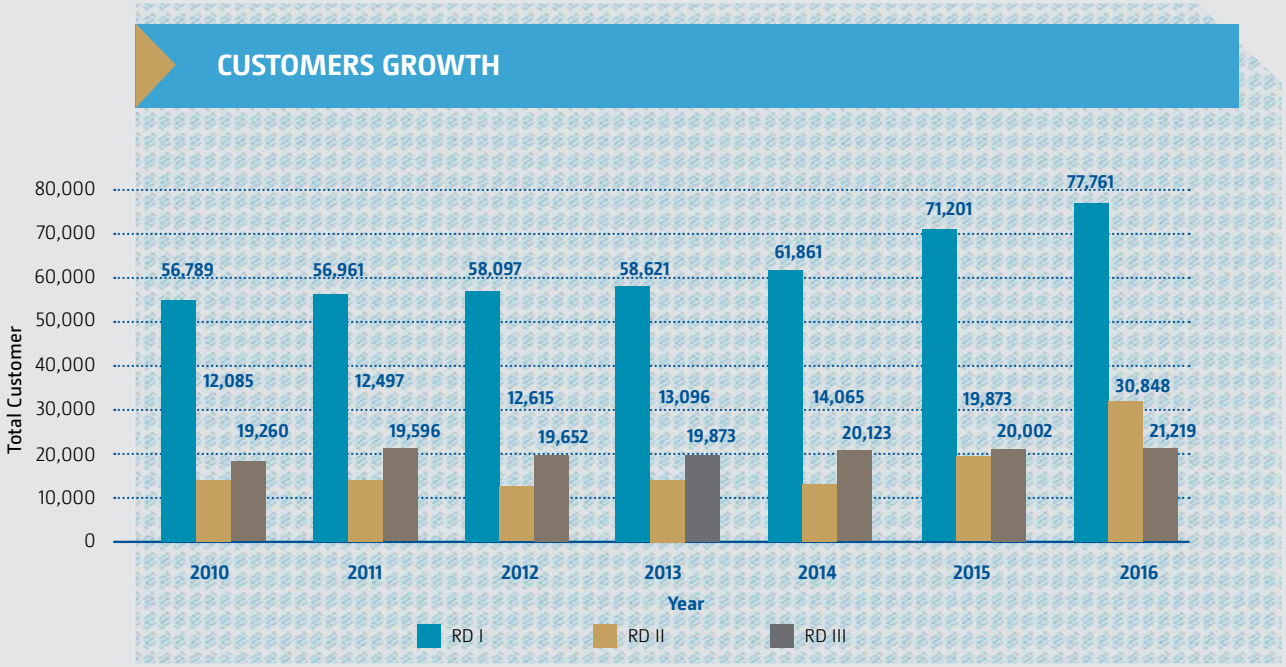
By 2016, the number of PGN's customers amounted to 168,973, increased to 111,076 customers in 2015 which amounted. Increasing in the number of customers was equally in all PGN's regional distribution, both in RD I, RD II, and RD III.

The composition of customers as follows:

| Regional Distribution | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Customer | % | Customer | % | |
| RD I | 77,761 | 46.0 | 71,201 | 64.1 | 9.2 |
| RD II | 69,945 | 41.4 | 19,873 | 17.9 | 252.0 |
| RD III | 21,267 | 12.6 | 20,002 | 18.0 | 6.3 |
| **Total** | **168,973** | **100.0** | **111,076** | **100.0** | **52.1** |

In terms of customer segments, the number of households customers in 2016 had increased significantly with the commencement of the distribution of natural gas to natural gas distribution network project for households assigned by the Government.

| Customer | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Customer | % | Customer | % | |
| Households | 165,392 | 97.88 | 107,690 | 96.9 | 53.6 |
| Commercials | 1,929 | 1.14 | 1,857 | 1.7 | 3.9 |
| Industries | 1,652 | 0.98 | 1,529 | 1.4 | 8.0 |
| **Total** | **168,973** | **100.0** | **111,076** | **100.0** | **52.1** |



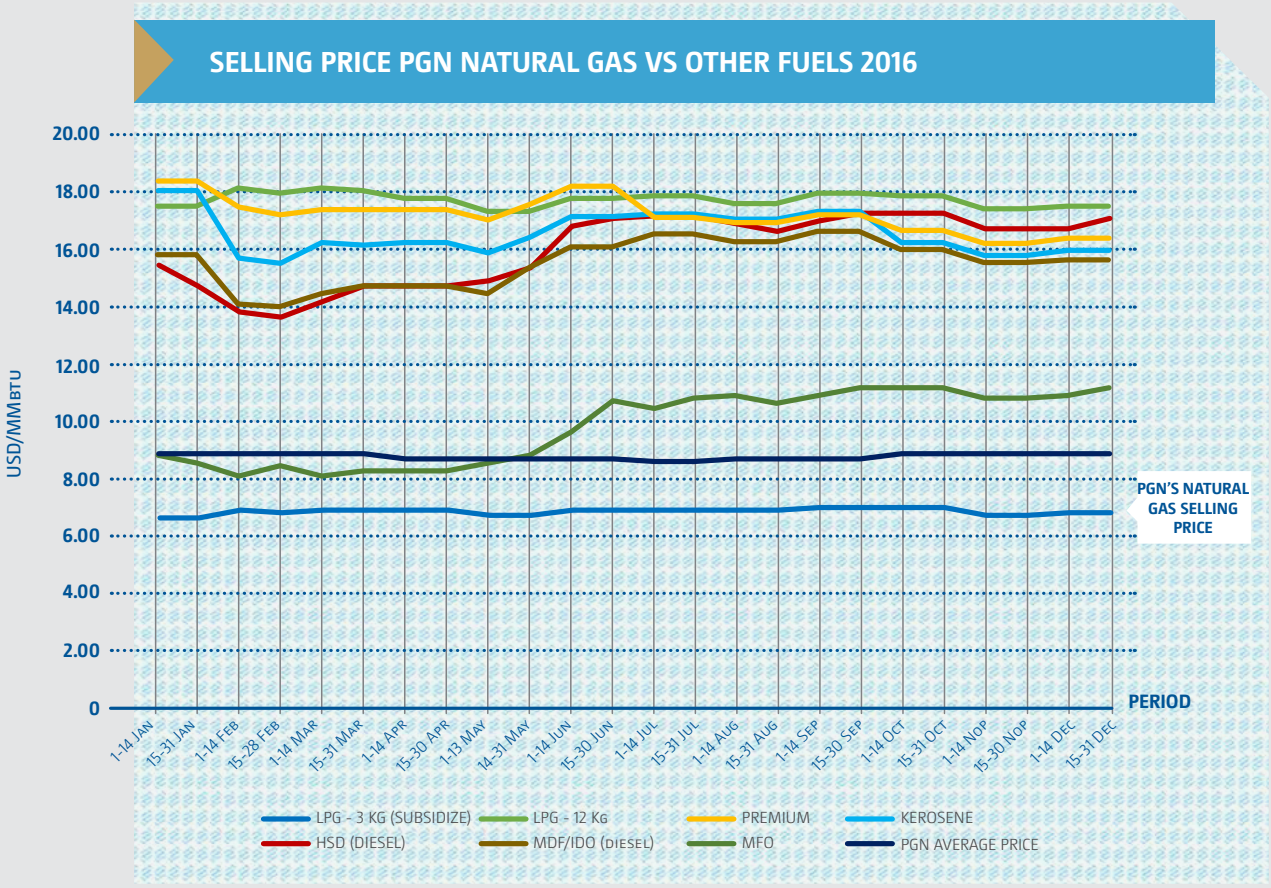

**Natural Gas Price Adjustment**

Since the end of 2014, there were a decline in world crude oil prices which continued until 2016. In fact, crude oil price reached its lowest point in mid-February 2016 by touching a level below USD 30/bbl. The decline in crude oil prices affected the decrease in selling prices of non-subsidized fuel oil in Indonesia. Despite of the decrease in the selling price of non-subsidized fuel oil, the selling price of PGN natural gas was still more competitive.

Furthermore, as the effort of PGN to continuously contribute in supplying natural gas, especially for the power sectors, in 2016, PGN adjusted the natural gas selling price to PLN mainly for power plants in West Java. This was to support the Government in implementing efficient and improved quality of services in the electricity sector.

In 2016, PGN also made adjustments to the sale price of natural gas in Medan Sales Area. This adjustment was made so that the selling price of natural gas in Medan Sales Area becomes more competitive. PGN adjusted the gas selling price in line with the adjustment of gas price from suppliers.

When oil prices reached below USD 40/bbl, the price of fuel oil (Marine Fuel Oil/MFO 180) became more competitive than the PGN's natural gas selling price. However, when the world's crude oil prices increased above USD 50/bbl, PGN natural gas prices became more competitive than the price of fuel, especially diesel prices (High Speed Diesel / HSD) and fuel oil (Marine Fuel Oil / MFO 180). Furthermore, the price of natural gas tends to be stable, while the prices of HSD and MFO were fluctuated according to the conditions of global oil prices. The stability of natural gas prices made easier for customers to conduct production planning and to calculate operating costs.




* Based on the price of fuel in Depo Pertamina

**Revenue of Distribution/Trading Business Segment**

In 2016, distribution / trading business segment of PGN contributed revenue amounted to USD2,539.44 million. The revenue decreased by 2.8% compared to revenue in 2015 amounted to USD2,612.80 million. This was caused by the decrease in revenues from the industries segment mainly due to the adjustment in the natural gas selling price to support the electricity.

| Customer Segment | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Million USD | % | Million USD | % | |
| Industries | 2,490.87 | 98.1 | 2,562.76 | 98.0 | (2.8) |
| Commercials | 41.51 | 1.6 | 43,65 | 1.7 | (4.9) |
| SPBG's | 1.47 | 0.1 | 2,22 | 0.1 | (33.7) |
| Households | 5.59 | 0.2 | 4,17 | 0.2 | 34.0 |
| **Total** | **2,539.44** | **100.0** | **2.612,80** | **100.0** | **(2.8)** |

## OIL AND GAS BUSINESS SEGMENT

Oil and gas business segment was the PGN's business activities and investments in oil and gas upstream sector including exploration, exploitation, and business development in the oil and gas sector. This business activity was the PGN's effort to expand its portfolio in the energy value chain through its subsidiaries namely SEI.

In this business segment, SEI earned revenues from the lifting of crude oil, natural gas, LPG, and LNG. The cost of revenues required in this business activities included production and lifting costs, depreciation costs of oil and gas assets and the allocation of costs associated with the exploration and exploitation.

### Operating Performance of Oil and Gas Business Segment

In November 2016, PGN, through SEI, invested in the upstream sector by acquiring 37.8% interest in the Sanga Sanga block, East Kalimantan from BP East Kalimantan ltd. (26.3%) and Unimar llc. (11.5%).

By the end of 2016, SEI owned and managed participating interest in several oil and gas blocks in Indonesia and abroad, namely:

| No | Block | Ownership (%) | Operator | Status |
|---|---|---|---|---|
| 1 | Pangkah 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 | Development |
| 10 | Wokam II PSC | 100 | SEI | Exploration |
| 11 | Sanga Sanga PSC | 37.8 | VICO | Production |

The following table shows the lifting volume of crude oil, natural gas, LPG, and LNG

| Lifting | 2016 | 2015 | Δ (%) |
|---|---|---|---|
| Crude oil (in bbls) | 3,254,973 | 2,609,407 | 25 |
| Natural gas (in MMbtu) | 40,422,514 | 33,673,024 | 20 |
| LPG (in MT) | 50,834 | 43,321 | 17 |
| LNG (in MMbtu) | 4,416,768 | 0 | ~ |

The increase of oil and gas lifting was mainly obtained from Ketapang PSC and Muriah PSC which had been fully operated in 2016 compared to 5 months operation in 2015 and also from Sanga Sanga block acquisited in November 2016. Meanwhile, LNG sales derived from investments in the upstream sector in the end of 2016 at Sanga Sanga block in East Kalimantan which was in production status.

### Revenue of Oil and Gas Business Segment

In 2016, the oil and gas business segment through SEI contributed revenue amounted to USD 314.11 Million. These revenues increased by 19.1% compared to revenues in 2015 amounted to USD263,70 million. This was due to the increase in gas lifting of Pangkah PSC and Muriah PSC which became fully operated in 2016, increase in oil lifting of Ketapang PSC which became fully operated in 2016, and also from Sanga Sanga block acquisited in November 2016. The revenues of LNG sales derived from investments in upstream sector by the end of 2016 at Sanga Sanga block in East Kalimantan which was in production status.

| Lifting | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Million USD | % | Million USD | % | |
| Crude Oil | 132,73 | 42.3 | 125,55 | 47.6 | 5.7 |
| Natural Gas | 155,97 | 49.7 | 119,78 | 45.4 | 30.2 |
| LPG | 17,40 | 5.5 | 18,37 | 7.0 | (5.3) |
| LNG | 8,01 | 2.6 | 0,0 | 0.0 | 100.0 |
| **Total** | **314,11** | **100.0** | **263,70** | **100.0** | **19.1** |

*As of October 2016

## OTHER BUSINESS SEGMENTS

Other business segments were the other businesses which directly related to or supported the PGN main business in accordance with the law and regulations through its subsidiaries and affiliates. Other business activities include:

1. Telecommunications
   PT PGAS Telekomunikasi Nusantara (PGASCOM), established in January 2007 and started operating in March 2008, Jakarta-Singapore bandwidth provider, fiber optic networks, internet service providers, application, SCADA and ICT services.
2. Construction, Operation and Maintenance of Pipelines
   PT PGAS Solution (PGASSOL), established in August 2009 and has been operating since 2010, provides engineering, construction, and maintenance services.
3. LNG
   PT PGN LNG Indonesia (PLI), established in June 2012, has been commercially operating an LNG Floating Storage and Regasification Unit (FSRU) in Lampung since November 2014.

4. The management and leasing of buildings and equipment
   PT Permata Graha Nusantara (Permata), established in June 2014, had been commercially operating since 2014. Permata engaged in the property and other services, include providing facilities to support customers's business operations such as building management, office services, transport services, assets utilization and optimization, commercial and residential property products and other services.

5. Financial Lease
   PT Kalimantan Jawa Gas (KJG), established in July 2013 through the ownership by Permata in August 2015, has been already commercially operating the transmission pipeline of Kepodang - Tambak Lorok to transport natural gas to the PLN Tambak Lorok Power Plant. KJG's main business was natural gas transmission, but the impact of the implementation of PSAK No. 30 pertaining to the Lease and the Interpretation of Financial Accounting Standards (ISAK) No. 8 of Interpretation of the transactions with lease resulting the revenue of KJG treated as financial lease on the other business segment.

**Operating Performance of Other Business Segment**

**Telecommunication**

In 2016, PGASCOM had several licenses to support its business such as Fixed Closed Network License, Principle Implementation of Local Fixed Network Based Packet Switched (JARTAPLOK) lisence, Landing Right Permit, Interconnection Services (Network Access Provider) lisence and through its subsidiaries namely PT Telemedia Dinamika Sarana (TDS) that were licensed Service Based Operator (SBO) issued by the Infocomm Development Authority of Singapore (IDA) in Singapore.

In 2016, the operational activities had been accomplished in accordance with the Service Level Agreement ("SLA"). The operational activities included maintenance of the network backbone of Jakarta-Batam-Singapore, the network access dan lastmile on several regions / areas including: Batam, Jambi, Palembang, Lampung, Cilegon, Serang, Jakarta, Bandung, and Surabaya through Fiber Optic, Radio, and VSAT with backbone network reliability SLA achieved 99.96% and lastmile network SLA achieved 99.88 %.

PGASCOM operating performance is shown as follows:

| Business Segment | 2016 | | 2015 | |
|---|---|---|---|---|
| | Mbps | % | Mbps | % |
| Operator | 760,965 | 50.3 | 136,020 | 24.5 |
| NAP / ISP | 690,831 | 45.7 | 350,661 | 63.2 |
| Corporate | 49,430 | 3.3 | 49,296 | 8.9 |
| PGN Group | 10,764 | 0.7 | 18,929 | 3.4 |
| **Total** | **1,511,990** | **100** | **554,906** | **100.0** |

**Construction, Operation and Maintenance of Pipelines**

In 2016, PGASSOL had completed the following activities:

a. Construction of Kalisogo - Waru pipeline for PGN distribution pipeline network reliability.
b. Construction of Ajinomoto - Chiel Jedang pipeline for market development in Eastern Java area.
c. Construction of Tandes - Perak pipeline for market development in Eastern Java area.
d. Construction of Batu Ampar pipeline for market development in Batam area.
e. Construction of customer connection pipe used to deliver natural gas from existing pipeline to PGN's new customers.
f. Operation and maintenance activities for all transmission pipelines and distribution network pipelines including the supporting facilities.

PGASSOL operating performance is shown as follows:

| Business Segment | 2016 | | 2015 | |
|---|---|---|---|---|
| | No. of Project | % | No. of Project | % |
| Operation and Maintenance | 23 | 13.0 | 27 | 12.1 |
| Engineering and Engineering Procurement Construction (EPC) | 147 | 83.1 | 177 | 79.0 |
| Trading | 4 | 2.3 | 18 | 8.0 |
| Consultant | 3 | 1.7 | 2 | 0.9 |
| **Total** | **177** | **100.0** | **224** | **100.0** |



**LNG**

LNG business was managed by PGN's subsidiary, namely PLI and PGN's affiliate, namely NR. In 2016, PLI had delivered natural gas from regasification as much as eight cargoes to PGN. NR delivered as much 28 cargoes to PLN.

PLI operated a Floating Storage and Regasification Terminal (FSRT), which consist of a Floating Storage and Regasification Unit (FSRU), Mooring System, offshore pipeline and Onshore Receiving Facility (ORF) located in Labuhan Maringgai, Lampung in cooperation with Hoegh LNG Lampung as the owner of FSRU in operating the FSRU. FSRU was able to regasify the LNG up to 240 MMscfd. Regasified gas then transported through offshore pipeline along 21 Km that connecting FSRU to ORF Labuhan Maringgai to be supplied to the customer in Java.

PLI operating performance can be seen as follows:

| Delivery* | 2016 | 2015 | Δ (%) |
|---|---|---|---|
| Natural Gas (in MMbtu) | 24,006,301 | 3,943,799 | 508.7 |

*MMbtu = million British Thermal Unit, 1 MMbtu equals to 28.3205м$^3$

NR operates facilities for Floating Storage and Regasification Unit (FSRU), transmission pipelines offshore and Onshore Receiving Facility (ORF) located in the Bay of Jakarta in collaboration with Golar Energy Ltd. as the owner of the FSRU in operating the FSRU.

NR operating performance can be seen as follows:

| Delivery* | 2016 | 2015 | Δ (%) |
|---|---|---|---|
| Gas Sales (in MMbtu) | 78,638,262 | 73,371,250 | 7.2 |
| Regasification fee (in MMbtu) | 191,435 | 3,152,060 | (93.9) |

**Buildings and Equipments Management and Leasing**

Buildings and equipments management and leasing has been conducted by Permata since 2015. In 2016, Permata performance is shown as follows:

| Business Segment | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Revenue (Billion IDR) | % | Revenue (Billion IDR) | % | |
| Oil and Gas Support | 155,28 | 31.7 | 35,19 | 11.5 | 341,2 |
| Building Management | 136,56 | 27.9 | 95,62 | 31.3 | 42,8 |
| Office Support | 61,90 | 12.7 | 57,20 | 18.8 | 8,2 |
| Offtake Station Management | 51,65 | 10.6 | 40,00 | 13.1 | 29,1 |
| Transportation Service | 29,41 | 6.0 | 28,62 | 9.4 | 2,8 |
| Warehouse Management | 17,94 | 3.7 | 13,46 | 4.4 | 33,2 |
| Temporary facilities | 17,56 | 3.6 | 10,26 | 3.4 | 71,2 |
| Archive Service | 13,38 | 2.7 | 11,40 | 3.9 | 14,0 |
| Others | 5,46 | 1.1 | 12,98 | 4.3 | (57,9) |
| **Total** | **489,15** | **100.00** | **305,07** | **100.00** | **60,3** |

**Financial Lease**

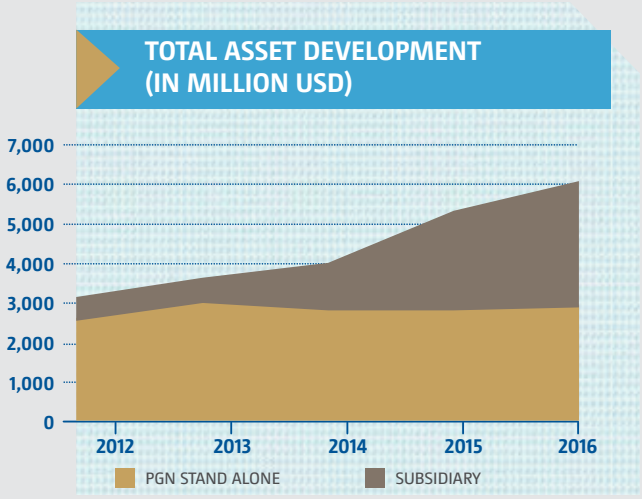
In August 2016, PGN through its affiliates, KJG, started to operate Kalimantan - Java I Transmission Pipeline (Kepodang - Tambak Lorok section). As the the impact of the implementation of Indonesia's Accounting Standards No. 30 pertaining to the Lease and the Interpretation of Financial Accounting Standards (ISAK) no. 8 of Interpretation of the transactions with lease, the revenue of KJG treated as financial lease on the other business segment

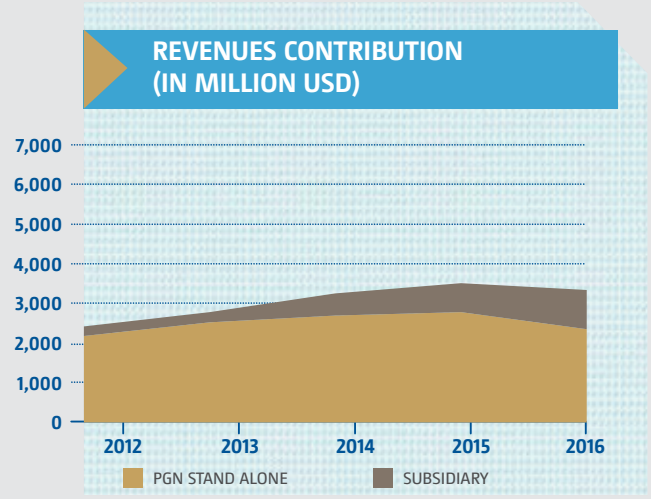
| Delivery | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | MMscfd | (%) | MMscfd | (%) | |
| KJG Operator: | | | | | |
| To PLN Tambak Lorok | 91 | 100.0 | 31 | 100.0 | 193,5 |
| **Total** | **91** | **100.0** | **31** | **100.0** | **193,5** |

# 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 2016 is as follows:

| Business Segment | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Million USD | % | Million USD | % | |
| Transmission/Transportation | 8.10 | 0.3 | 7,03 | 0.2 | 15.2 |
| Distribution/Trade | 2,539.44 | 86.6 | 2.612,80 | 85.1 | (2.8) |
| Oil and Gas | 314.11 | 10.7 | 263,70 | 8.6 | 19.1 |
| Others: | | | | | |
| Telecommunication | 9.87 | 0.3 | 6,38 | 0.2 | 54.6 |
| Construction | 0.00 | 0.0 | 151,71 | 4.9 | (100.0) |
| Lease revenues | 62.65 | 2.1 | 22,90 | 0.8 | 173.6 |
| Miscellaneous | 0.60 | 0.0 | 4,26 | 0.2 | (85.9) |
| **Total** | **2,934.78** | **100.0** | **3.068,78** | **100.0** | **(4.4)** |

During 2016, PGN recorded net revenues of USD2,934.78 million from USD3,068.78 million in 2015. The decline in revenues of 4.4% was influenced by the reduction in income distribution/commercial business. Moreover, there were no construction revenues in 2016 as it did in 2015. The distribution business which contributed 86.6% to consolidated revenues have the greatest influence on the decrease in net revenues of the Company. The decline in the distribution business revenue in 2016 amounted to USD73,36 million or only 97.2% of the revenue in 2015 primarily due to a decrease in average prices caused by the adjustment of the selling price to PLN since April 2016. The volume of natural gas sales during 2016 reached 803 Bbtud whereas during 2015 amounted to 802 Bbtud. Sales of blended price decreased from USD8.93 per MMbtu for 2015 amounted to USD8.66 per MMbtu for 2016.

In 2016, KJG was fully operational, so that PGN recorded finance income from financial lease through KJG for USD62,65 million.

Of the total consolidated net revenues, 27.5% is the result of sales transactions to entities related to the Government for the year ended December 31, 2016 and 34.1% for the year ended December 31, 2015.

## COST OF REVENUES

Cost of revenues of PGN in 2016 consisted of the purchases of gas from the suppliers, the cost for production activities of oil and gas, as well as the purchase and operation of LNG FSRU with total USD2,047.84 million. The cost of revenues fell by 2.7% or USD57.82 million of USD2,105.68 million in 2015. The decrease in cost of revenues due to the impairment of natural gas purchases from suppliers amounted to USD66.03 million. As subsidiary PGASSOL did not do construction of asset for external PGN group, there was no cost of revenues on construction recorded in 2016.

On the other hand, there was a rise in oil and gas production expenses amounted to USD50.87 million primarily due to the rising cost of oil and gas production that consists of production and lifting cost as well as depreciation, depletion and amortization. While the increase in cost of revenues on the purchase LNG and operation of FSRU mainly due to the increase of USD76.91 million for the purchase of the cargoes and cost of LNG regasification process for eight cargoes.

| Cost of Revenue | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Million USD | % | Million USD | % | |
| Natural Gas Purchase | 1,553.11 | 75.8 | 1,619.14 | 76.9 | (4.1) |
| Operating Expenses for Oil and gas | 302.70 | 14.8 | 251.83 | 11.9 | 20.2 |
| LNG Purchase and FSRU Operation | 192.02 | 9.4 | 115.11 | 5.5 | 66.8 |
| Construction Expense | 0.00 | 0.0 | 119.58 | 5.7 | (100.0) |
| **Total** | **2,047.84** | **100.0** | **2,105.68** | **100.0** | **(2.7)** |

Cost of revenues of natural gas for USD1,553.11 million comes from several suppliers such as ConocoPhillips, Pertamina and other suppliers. Decreasing in natural gas purchases due to the reduced portfolio of conventional natural gas consumption by using LNG.

| Supplier | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Million USD | % | Million USD | % | |
| ConocoPhilips | 834.43 | 53.7 | 874.26 | 54.0 | (4.6) |
| Pertamina | 381.50 | 24.6 | 384.17 | 23.7 | (0.7) |
| Other | 337.18 | 21.7 | 360.71 | 22.3 | (6.5) |
| **Total** | **1,553.11** | **100.0** | **1,619.14** | **100.0** | **(4.1)** |

Cost of revenues of oil and gas amounted USD302.70 million, an increase of 20.2% from 2015 amounted to USD251.85 million derived from the block already in production at the SEI subsidiary. The increase in cost of goods sold was primarily due to the activity of lifting of Muriah PSC which has been fully operational in 2016,.

| Expense | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Million USD | % | Million USD | % | |
| Production and lifting expenses | 120,62 | 39.8 | 101,49 | 40.3 | 18.9 |
| Depreciation, Depletion and Amortization | 182,08 | 60.2 | 150,36 | 59.7 | 21.1 |
| **Total** | **302,70** | **100.0** | **251,85** | **100.0** | **20.2** |

In 2016, cost of revenues LNG amounted to USD192.02 million from the purchase of LNG and the cost of LNG regasification process. The increase in cost of revenues was mainly due to an increase in cargo purchase. There were eight cargoes in 2016, while in 2015 only one cargo.

| Expense | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Million USD | % | Million USD | % | |
| Purchase and LNG regasification process | 192,02 | 100.0 | 115,11 | 100.0 | 66.8 |
| **Total** | **192,02** | **100.0** | **115,11** | **100.0** | **66.8** |

In 2016, there were no cost of revenues in the form of construction expense paid by subsidiary PGASSOL to contractor on the construction of a transmission pipeline activities of Kepodang - Tambak Lorok as recognized in 2015 amounted to USD119.58 million

| Expense | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Million USD | % | Million USD | % | |
| Construction Expense | 0,00 | 0.0 | 119,58 | 100.0 | (100.0) |
| **Total** | **0,00** | **0.0** | **119,58** | **100.0** | **(100.0)** |

## GROSS PROFIT

In 2016, PGN's gross profit decreased 7.9% to USD886.94 million from USD963.11 million in 2015. The decrease amounted to USD76.16 million due to the decrease income of distribution business particulary by adjustment on cost of natural gas for electricity sector and the absence of construction income in 2016. In addition, gross profit was also affected by the rising cost of oil and gas production that consists of production and lifting cost and depreciation, depletion and amortization cost. Further more, FSRU operating cost also increased which led a decline in gross profit.

## DISTRIBUTION AND TRANSMISSION EXPENSES

In 2016, Distribution and Transmission expenses increased 9.5% to USD220.40 million compared with USD201.23 million in 2015. This is mainly due to the increase in cost of repairs and maintenance of USD18.96 million, an increase in rent expense of USD4.97 million and an increase in depreciation expense of USD1.14 million. On the other hand, general services decreased USD6.84 million, and the decrease in fuel and chemicals for USD1.77 million.

## GENERAL AND ADMINISTRATIVE EXPENSES

In 2016, General and Administrative Expenses rose 22.9% to USD234.00 million compared with USD190.42 million in 2015. This is mainly due to increase in general services USD19.68 million, increase in cost of impairment losses amounted to USD12.85 million,and the increase in rent expense of USD11.71 million and the increase in insurance expense amounted to USD3.58 million. On the other hand there is a decrease in depreciation expense of USD2.16 million, a decrease in promotional expenses amounted to USD2.05 million, a decrease in equipment and spare parts for USD1.58 million and a decrease in CSR USD1.56 million.

## OTHER INCOME

In 2016, other income decreased 34.3% to USD62.13 million from USD94.54 million in 2015. The decrease was mainly due to the recognition of insurance claims that were lower compared in 2015.

## OTHER EXPENSES

In 2016, other expenses rose 19.1% to USD13.22 million from USD11.10 million in 2015. The increase was mainly due to the receivable correction to SEI.

## IMPAIRMENT OF OIL AND GAS PROPERTIES

In 2016, the impairment of oil and gas properties amounted to USD37.20 million. An amount of USD21.91 million was a portion of impairment in 2015. Impairment of oil and gas properties recorded in 2015 amounted to USD97.65 million. The decline was related to the global reduction in oil prices since end of 2015. The property consists of Oil and Gas Exploration and Evaluation Assets and Properties of Oil and Gas.

At the end of each period / year of report, the company assesses whether there are indications that the asset may be impaired. If the indication exists or when testing for impairment of assets, the company makes a formal estimate of recoverable amount. The recoverable amount is determined for an individual asset is the higher between the fair value of an asset or CGU reduce with costs to sell and its value in use, unless the asset does not generate cash inflows that are largely independent from other assets or groups of assets. If the record value of asset or CGU is greater than its recoverable amount, the asset is considered to have impairment and the record value of assets lowered to its recoverable amount.

In calculating the value of use, the approximate estimation of future net cash flows discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific of the asset. In determining fair value less costs to sell, it used recent market transactions if available. If there was no transaction, the company uses an appropriate valuation model to determine the fair value of the asset. These calculations are verified by multiple valuation or other available fair value indicators.

Assessment is made at each reporting date whether there is any indication that an impairment loss has been recognized in the period / year before may no longer exist or may have decreased. If there was indication exists, the entity estimated the amount of recoverable assest or CGU. Impairment losses are recognized in the period / year before for an asset other than goodwill is reversed only if there are changes in the assumptions used to determine the asset's recoverable amount since the last impairment loss is recognized. In this case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the recorded amount of the asset does not exceed its recoverable amount and the carrying amount, net of depreciation, had no impairment loss been recognized for the asset in the period / year before. Reversal of impairment loss is recognized in profit or loss. After such a reversal, the depreciation of these assets is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## OPERATING PROFIT

In 2016, PGN recorded Operating Profit amounted USD444.25 million decreased 20.28% to USD557.24 million in 2015. The decrease was mainly due to the adjustment of natural gas price to electricity sector and the absence of construction revenue in 2016. In addition, operating profit was also affected by the increase in gas purchase prices, the rising cost of oil and gas production in particular the cost of depreciation, depletion and amortization as well as operating costs of FSRU. The increase in general and administrative expenses amounted to USD43.58 million and charges for impairment of oil and gas properties amounted USD37.20 million also affected to operating profit decline in 2016.

## FINANCE INCOME

In 2016, finance income increased 10.0% to USD17.84 million from USD16.22 million in 2015. This was mainly due to increase in trade receivables carried by SEI for USD3.59 million and increased interest current accounts amounted to USD1.12 million. On the other hand, interest on time deposit decreased by USD3.20 million.
The interest rate on time deposit for 2016 was at 7.65% - 9.75% for time deposit in rupiah and 0.75% - 1.5% for time deposit in USD.

## FINANCE COST

Finance cost in 2016 amounted to USD132.40 Million from USD119.16 million in 2015, the rose of 11.1% mainly due to higher interest expense recognition of a syndicated loan of USD18.45 million. PGN syndicated loan drawdown of USD320 million in February 2015, amounted to USD330 million in July 2015 and the withdrawal of SEI syndicated loan of USD300 million in December 2015. In 2016, SEI withdrew a loan of USD50 million. SEI has withdrew revolving credit facility amounted to USD100 million.

## BARGAIN PURCHASE

In 2016 there were revenue recognition in the form of a purchase discount of USD7.24 million for the acquisition of Sanga-Sanga block by SEI

## LOSS ON FOREIGN EXCHANGE-NET

In 2016, there were losses-net of USD5.12 million, while in 2015 there were net foreign exchange gain-USD14.30 million. The position of the US Dollar against the Japanese Yen on December 31, 2015 was JPY120,46/USD strengthened to JPY116.43/USD on December 31, 2016 and the position of the US Dollar against Rupiah on December 31, 2015 was Rp13,795/USD strengthened to Rp13,436/USD on December 31, 2016.

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

In 2016, there was a loss on change in fair value of derivatives-net of USD4.53 million while in 2015 loss on change in fair value of derivatives-net of USD6.66 million in 2015. With these derivative financial instruments, PGN hedge the change in value reasonable obligation of the risk of exchange rate fluctuations of USD / JPY in connection with long-term loans denominated in Japanese Yen obtained from JBIC.

## SHARE IN PROFIT OF THE JOINT VENTURES

The share in profit of joint venture consists of Transgasindo, NR and SEI through investment in Sanga-Sanga. In 2016, there was an increase in share of profits of associates and joint ventures amounted to USD57,71 million which was contributed by Transgasindo amounting to USD26.36 million, NR amounting to USD22.01 million and SEI amounting to USD9.35 million.

## PROFIT BEFORE INCOME TAX BENEFIT (EXPENSE) INCOME TAX

In 2016, profit before income tax dropped by 11.98% to USD384.99 million from USD437.36 million in 2015. The decrease was mainly due to lower operating profit and an increase in financial expenses.

## TAX EXPENSE-NET

In 2016, tax expense-net increased to USD76.40 million from USD34.61 million in 2015. Current Tax calculated at 2016 decreased by 22.4% to USD97.28 million from USD125.31 million in 2015 in line with the decline in profit before tax. However, the decline in the Current Tax, was not inline with the recognition of deferred tax benefits. The deferred tax benefit recorded in 2016 declined by 77.0% to USD20.88 million from USD90.71 million in 2015. As a result, tax expense-net in 2016 increased by 120.8% from that in 2015.

## OTHER COMPREHENSIVE INCOME AFTER TAX

Presentation of Other Comprehensive Income After Tax was based on the Indonesia Accounting Standard No.1 (Revised 2009) regarding Presentation of Financial Statements, which became effective as of January 1, 2011. On January 1, 2016, Indonesia Accounting Standard No. 1 (Revised 2013) regarding Presentation of Financial Statements was adopted. This revised divides the presentation of items in the group of Other Comprehensive Income that will be reclassified to profit or loss is presented separately from items that will not be reclassified to profit or loss. Other comprehensive income after tax consisting of:

1. Assets Available for Sale
   In 2016, Other Comprehensive Income After Tax on Assets Available for Sale profit of USD3.92 million from a loss of USD2.29 million in 2015. This was an increase in value of unrealized changes in the fair value of assets available for sale.

2. Difference in Foreign Currency Translation of Financial Statements
   In 2016, Gain on Difference in foreign currency arising from translation of subsidiaries' financial statements amounted to USD0.88 million from a loss of USD3.13 million in 2015. This was caused by the weakening exchange rate of the US dollar against the rupiah.

3. Actuarial losses-Net
   In 2016, net actuarial gains amounted USD1.86 million in 2015 while net actuarial gains amounted USD21.28. Other Comprehensive Income After Taxes on losses are the result of the actuarial calculation for employee benefits company.

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

In 2016, PGN generated profit for the year attributable to owners of the parent amounted to USD304.32 million, a decrease of 24.1% from USD401.20 million in 2015. This decrease was mainly due to the adjustment of natural gas price to electricity sector and the absence of construction revenue in 2016. The increase in administration and general costs as well as charges for impairment of oil and gas properties also caused a decrease in profit for the year attributable to owners of the parent entity. On the other hand, there was an increase in the tax expense to USD76.40 million due to a decrease in the recording of deferred tax income amounted to USD20.88 million in 2016.

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

In 2016, the Current Year Profit Attributable to Non-controlling Interests was USD4.3 million while in 2015 the Current Year Profit Attributable to Non-controlling Interests was USD1.56 million. Profit or Loss was due to the increase and decrease in net profit of the subsidiaries.

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

In 2016, PGN generated the total comprehensive income for the year attributable to parent entity owners amounted USD310.67 million, a decrease of 25.3% from USD416.19 million in 2015.

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

Total comprehensive income for the year attributable to non-controlling interests in 2016 amounted to USD4.58 million compared with USD2.42 million in 2015. This increase was a result of KJG's performance that was partly owned by the entity non-controlling interests.

| Ratio of Profitability | 2016 | 2015 | Δ |
|---|---|---|---|
| Margin of Net Profit (%) | 10.4 | 13.1 | (2.7) |
| Return on Assets (%) | 11.8 | 14.5 | (2.7) |
| Return on Equity (%) | 10.6 | 15.3 | (4.7) |

## ASSET

By 2016, PGN's total assets amounted to USD6.83 billion consists of 31.1% Current Assets and 68.9% of Non-Current Assets. Values of total assets increased 5.2% compared to 2015 amounted to USD6.50 billion. The increase in assets was mainly derived from the increase in the balance of cash and cash equivalents amounted to USD168.54 million, increase in Other Receivables amounted to USD133.38 million, the increase in Oil and Gas Property of USD72.24 million and the increase of Subscription Shares of 39.50 million. On the other hand there is a decrease in Advances amounted to USD38.72 million and Estimated Tax Collection of USD12.24 million.

| Asset | 2016 | | 2015 | | Δ (%) |
|---|---|---|---|---|---|
| | Million USD | % | Million USD | % | |
| Current Assets | 2,124.67 | 31.1 | 1,722.53 | 26.5 | 23.4 |
| Non-Current Assets | 4,709.48 | 68.9 | 4,772.49 | 73.5 | (1.3) |
| **Total** | **6,834.15** | **100.00** | **6,495.02** | **100.0** | **5.2** |

### Current Assets

PGN Current Assets increased by 23.4% from USD 1.72 billion in 2015 to USD 2.12 billion in 2016. This was mainly due to the increase in Cash and Cash Equivalents, increase in Other Receivables and rise in Trade Receivables.

| Description | 2016 | | 2015 | | Δ% |
|---|---|---|---|---|---|
| | Million USD | Contribution % | Million USD | Contribution % | |
| Cash and cash equivalents | 1,304.04 | 61.4 | 1,135.50 | 65.9 | 14.8 |
| Short-term Investments | 68.83 | 3.2 | 64.67 | 3.8 | 6.4 |
| Trade receivables | 321.16 | 15.1 | 286.59 | 16.6 | 12.1 |
| Other receivables | 234.04 | 11.0 | 100.66 | 5.8 | 132.5 |
| Stock | 65.29 | 3.1 | 43.45 | 2.5 | 50.3 |
| Advances Maturity In Time One Year | 97.03 | 4.6 | 78.28 | 4.6 | 24.0 |
| Prepaid Expenses | 34.26 | 1.6 | 13.37 | 0.8 | 156.3 |
| **Total** | **2,124.67** | **100.0** | **1,722.52** | **100.0** | **23.3** |

## THE COMPOSITION OF CASH AND CASH EQUIVALENTS

| Description | 2016 | | 2015 | | Δ% |
|---|---|---|---|---|---|
| | Million USD | Contribution % | Million USD | Contribution % | |
| Cash | 0,08 | 0.0 | 0,29 | 0.1 | (73.6) |
| **Bank** | | | | | |
| Rupiah | 87,65 | 9.2 | 90,73 | 17.5 | (3.4) |
| USD | 860,10 | 90.3 | 421,71 | 81.4 | 104.0 |
| Yen | 3,80 | 0.4 | 5,49 | 1.1 | (30.8) |
| SGD | 0,76 | 0.1 | 0,07 | 0.0 | 978.9 |
| **Total Bank** | **952,28** | **100.0** | **517,99** | **100.0** | **83.8** |
| **Cash and Bank** | **952,36** | **73.0** | **518,28** | **45.6** | **83.8** |
| **Deposit** | | | | | |
| Rupiah | 46,45 | 13.3 | 74,95 | 12.1 | (37.8) |
| USD | 305,00 | 86.7 | 542,26 | 87.9 | (43.8) |
| **Total Deposit** | **351,65** | **27.0** | **617,21** | **54.4** | **(43.0)** |
| **Total Cash and Cash Equivalents** | **1.304,04** | **100.0** | **1.135,50** | **100.0** | **14.8** |

## THE COMPOSITION OF CURRENCY IN CASH AND CASH EQUIVALENTS

| Description | 2016 | | 2015 | | Δ% |
|---|---|---|---|---|---|
| | Million USD | Contribution % | Million USD | Contribution % | |
| Rupiah | 134,38 | 10.3 | 165,97 | 14.6 | (19.00) |
| USD | 1.165,10 | 89.3 | 963,97 | 84.9 | 20.9 |
| Yen | 3,80 | 0.3 | 5,49 | 0.5 | (30.8) |
| SGD | 0,76 | 0.1 | 0,07 | 0.0 | 978.9 |
| **Total** | **1.304,04** | **100.0** | **1.135,50** | **100.0** | **14.8** |

In 2016, the position of Cash and Cash Equivalents amounted to USD1.30 billion from USD1.14 billion in 2015, up 14.8%. The balance was mainly due to SEI withdrawal of a syndicated loan of USD50 million in April 2016 amounted to USD50 million in June 2016, amounted to USD50 million in July 2016 and amounted to USD50 million in November2016. In July 2016, SEI also withdrew short-term loans amounted to USD50 million from DBS and USD50 million in November 2016 from SMBC.

Composition of Cash and Cash Equivalents consist of cash and bank amounted to USD952.39 million and Cash Equivalents USD351,65 million in the form of time deposits are not restricted for use, with a composition of 9.4% in Rupiah, 90.30% in USD, 0,29% in yen and 0.06% in SGD. Cash Equivalents in the form of time deposits were placed in several domestic and foreign banks where 90.3% was denominated in USD and 9.7% in Rupiah. Average interest rates on USD time deposits was 0.75% - 1.5% and Rupiah time deposits in the amount of 7.65% - 9.75%.

### Short Term Investments

In 2016, the value of short-term investments amounted to USD68.83 million decreased by 6.4% from USD64.67 million in 2015. The increase was due to the impact of foreign exchange during the translation of financial statements in USD.

| Description | Original Transaction | | 2016 | 2015 |
|---|---|---|---|---|
| | Million Rupiah | Million USD | Million USD | Million USD |
| Pertamina | - | 45,54 | 45,54 | 45,54 |
| Antam | 25.000 | - | 1,86 | 1,81 |
| Perum Pegadaian | 20.000 | - | 1,49 | 1,45 |
| SBSN | - | 4,00 | 4,00 | 4,00 |
| INDON | - | 9,88 | 9,88 | 9,88 |
| Indonesian Export Financing Agency | 50.000 | - | 3,72 | 3,62 |
| Sub Total | | | 66,48 | 66,30 |
| Changes in Fair Value and Discounts | | | 2,35 | (1,63) |
| **TOTAL** | | | **68,83** | **64,67** |

**Trade Receivables**

In 2016, Trade Receivables-Net of USD321.16 million increased by 12.1% from USD286.59 million in 2015. This increase was primarily due to an increase in gas distribution receivable of USD 16.81 million and receivables of oil and gas amounted to USD28.90 million. Composition of Trade Receivables - Net this year consist of 73.40% of the gas distribution activities, 0.9% of gas transmission, 16.9% of the oil and gas, 7.3% of the lease (financial lease) and 1.5 % of fiber optic rent and others. While the number of Trade Receivables-Net in USD for the activity of distribution, transmission, oil and gas, rent and lease of optical fiber respectively USD259.92 million; USD3.08 million; USD59.95 million; USD26.02 million and USD5.13 million. PGN provided allowance of USD32.94 million for impairment of receivables. Such allowance to cover possible losses on uncollectible accounts. Allowance for impairment losses rose 85.18% of USD17.79 million in 2015 mailny due to impairment for PLN's receivables of USD15.41 million.

**Other Receivables**

Other Receivables increased by 132.51% from USD100.66 in 2015 to USD234.04 million in 2016. This increase was mainly due to the increase in trade receivables along with oil and gas operations amounted to USD166.79 million. On the other hand there was a decrease in Hoegh LNG accounts receivable amounted USD5.77 million.

**Current Maturity of Advances**

Current Maturity of Advances in one year increased by 24% from USD78.28 million in 2015 to USD97.03 million in 2016. This was mainly due to bookkeeping advance Refundable security deposit for acquisition of Sangasanga USD 30 million and an increase in building KSO advances amounted to USD16.88 million. On the other hand, there was a reclassification of take or pay advances in 2016 by Walinusa of USD10.05 million, Premier Oil of USD15.54 million, Bayu Buana Gemilang of USD6.52 million and USD6.20 million Indogas.

## COMPOSITION OF NON-CURRENT ASSETS

| Description | 2016 | | 2015 | | Δ% |
|---|---|---|---|---|---|
| | Million USD | Contribution % | Million USD | Contribution % | |
| Trade Receivables | 222,64 | 4.7 | 241,37 | 5.1 | (7.8) |
| Other Long-Term Receivables | 228,01 | 4.8 | 275,84 | 5.8 | (17.3) |
| Advances - Net Of Current Maturities In One Year | 60,51 | 1.3 | 117,98 | 2.5 | (48.7) |
| Investments in Shares | 427,45 | 9.1 | 387,95 | 8.1 | 10.2 |
| Fixed Assets | 1.828,63 | 38.8 | 1.871,29 | 39.2 | (2.3) |
| Exploration and Evaluation Assets | 52,59 | 1.1 | 49,95 | 1.0 | 5.3 |
| Oil and Gas Property | 1.708,67 | 36.3 | 1.636,33 | 34.3 | 4.4 |
| Goodwill and Other Intangible Assets | 4,63 | 0.1 | 3,85 | 0.1 | 20.2 |
| Estimates of Tax Collection | 94,27 | 2.0 | 106,50 | 2.2 | (11.5) |
| Deferred Tax Assets | 77,05 | 1.6 | 75,60 | 1.6 | 1.9 |
| Others | 5,03 | 0.1 | 5,83 | 0.1 | (13.7) |
| **Total** | **4.709,48** | **100.0** | **4.772,49** | **100.0** | **(1.3)** |

Noncurrent assets decreased by 1.3% from USD4.77 billion in 2015 to USD4.71 billion in 2016. This was mainly caused by a decrease in prepayment of USD57.47 million, a decrease in other long term receivables by USD47.83 million and a decrease in fixed assets amounted to USD44.38 million. On the other hand, there was addition of oil and gas property assets related to investments in the upstream sector through the SEI of USD72.34 million.

**Trade Receivables (Long Term)**
In 2016, there was recognition of financial lease receivables USD222.59 million which presented as the reclassification of fixed assets related to transmission activities of KJG. The reclassification was in accordance with Indonesia Accounting Standard No. 30 on Lease Operations.

**Other Long Term Receivables**
In 2016, Other Long-term Receivables decreased by USD47.83 million, primarily due to increase in accounts of carried receivables of GDF Suez (PT SAKA) amounted to USD 68.02 million and receivables VAT to be charged at USD 29.50 million.

**Investments in Shares of Stock**
Investment in shares is an investment and profit recognition from the Joint Ventures namely NR and TGI, Unimar which reflects the Company's overall investment ownership interest of 40% in NR, 59.87% in Transgasindo anf 11.25% in Unimar. The value of investments in Joint Ventures increased by 10.7% from USD387.95 million to USD427.44 million as a result of investment in Sanga-Sanga block by SEI of USD45.07 million.

**Fixed Assets**
Fixed assets decreased by 2.4% from USD1.87 billion in 2015 to USD1.83 billion in 2016. The decline in fixed assets was mainly due to increases in depreciation of SSWJ pipeline due to arbitrage case on CRW claim.

**Exploration and Evaluation Assets**
Exploration and evaluation assets increased by 5.3% from USD49.95 million in 2015 to USD52.59 million in 2016. This increase was mainly derived from investment in South Sesulu of USD1.75 million.

**Oil and Gas Properties**
Oil and Gas Properties increased by 4.2% from USD1,64 billion in 2015 to USD1.71 billion in 2016. The increase was mainly due to the addition of oil and gas property assets related to investments in the upstream sector through the SEI of USD149.96 million in the Muara Bakau PSC, amounted to USD 56.05 million in Pangkah and acquisitions of USD35.10 million in Sanga Sanga

On the other hand, there was an addition of accumulated depreciation, depletion, and amortization of USD182.70 million and impairment losses amounted USD37.20 million in 2016

**Estimated Claims for Tax Refund**
Estimated tax bill of companies fell by 13.94% from USD106.50 million to USD94.26 million due to a decrease in the recognition of overpayment of VAT amounted USD11.89 million of USD28.00 million in 2015.

**Goodwill and Other Intangible Assets**
Recognition of Goodwill and Intangible Assets increased by 20.19% from USD3.85 million to USD4.63 million. This increase was primarily due to the recognition of additional license to the software.

## LIABILITIES

At the end of 2016 PGN recorded a Total Liabilities amounted USD3.66 billion comprising 22.25% Short-Term Liabilities and 77.75%Long-Term Liabilities. The total value of these liabilities increased USD191.74 million or 5.52% from USD3.47 billion by the end of 2015 primarily due to an increase of the syndicated loan of USD 200 million, of which SEI drawdown an amount of USD 50 million in April 2016, amounted to USD50 million in June 2016, amounted to USD50 million in July 2016 and amounted to USD 50 million in November 2016. in addition, in 2016 there was another short-term loan of USD100 million committed by SEI.

### THE COMPOSITION OF SHORT TERM LIABILITY

| Description | 2016 | | 2015 | | Δ% |
|---|---|---|---|---|---|
| | Million USD | Contribution % | Million USD | Contribution % | |
| Trade Payables | 111,76 | 13.7 | 117,00 | 17.5 | (4.5) |
| Short-Term Bank Loans | 100,00 | 12.3 | - | 0.0 | ~ |
| Accrued Liabilities | 231,20 | 28.4 | 269,86 | 40.4 | (14.3) |
| Employment Benefit From Short-Term Liabilities | 51,33 | 6.3 | 52,70 | 7.9 | (2.6) |
| Other Payables | 107,41 | 13.2 | 84,67 | 12.7 | 26.9 |
| Tax Payables | 42,69 | 5.2 | 21,47 | 3.2 | 98.8 |
| Long Term Loans Maturity In One Year | 170,99 | 21.0 | 121,62 | 18.2 | 40.6 |
| **Total** | **815,37** | **100.0** | **667,32** | **100.0** | **22.2** |

Short-term liabilities rose 22.2% from USD667.32 million in 2015 to USD815.37 million in 2016. This was mainly due to the short-term loans of SEI in 2016 amounted to USD100 million, an increase in long-term loans maturing within one year amounted USD49.37 million and an increase in tax liabilites amounting USD21.22 million. In spite of this, there was a decrease in the liabilities accrued in 2016 amounted to USD34.94 million.

### Trade Payables

Trade payables decreased by 5.24% from USD117.00 million in 2015 to USD111.76 million in 2016 primarily due to lower gas purchase volume due to decline in sales volume of natural gas resulting from low consumption of industrial and electricity customers as a result of weakening global economy.

### Short-Term Bank Loan

In 2016, SEI withdrew a short term liabilities amounted USD 100 million consisted of USD 50 million in July 2016 from DBS and USD 50 million in November 2016 from SMBC.

### Accrued Expenses

Accrued expenses decreased by 14.3% from USD269.86 million in 2015 to USD231.20 million in 2016. This was mainly due to a decrease liabilities to contractors of development projects amounting to USD31.92 million and a decrease in liabilities on oil activity and gas amounted to USD8.83 million

### Other Payables

Other payables rose by 26.9% from USD84.67 million in 2015 to USD107.41 million in 2016. This was mainly caused by an increase in liabilities to contractors and suppliers amounted to USD 20.44 million.

**THE COMPOSITION OF LONG-TERM LIABILITIES**

| Description | 2016 | | 2015 | | Δ% |
|---|---|---|---|---|---|
| | Million USD | Contribution % | Million USD | Contribution % | |
| Deferred Tax Liabilities | 84,65 | 3.0 | 94,12 | 3.4 | (10.1) |
| Derivative Payable | 8,83 | 0.3 | 11,33 | 0.4 | (22.1) |
| Long-Term Loans Net of Current Portion Due Within One Year | 1.296,32 | 45.5 | 1.253,42 | 44.7 | 3.4 |
| Bond Payables | 1.335,34 | 46.9 | 1.333,76 | 47.6 | 0.1 |
| Assets and Liabilities for Demolition Site Restoration and Other Provinces | 26,31 | 0.9 | 31,54 | 1.1 | (16.6) |
| Long-Term Employee Benefits Liabilities | 94,37 | 3.3 | 77,84 | 2.8 | 21.2 |
| Prepaid Income | 2,78 | 0.1 | 2,89 | 0.1 | (3.92) |
| **Total** | **2.848,59** | **100.0** | **2.804,90** | **100.0** | **1.6** |

Long-term liabilities increased by USD43.69 million or 1.6% from USD2.80 billion in 2015 to USD2.85 billion in 2016 primarily due to an increase in the syndicated loan of USD200 million, of which SEI to withdraw a loan of USD50 million in April 2016, amounting to USD50 million in June 2016, amounting to USD 50 million in July 2016 and USD 50 million in November 2016.

### Deferred Tax Liabilities

Deferred tax liabilities decreased by 10.95% from USD94.12 million in 2015 to USD84.65 million in 2016. This was mainly due to the acquisition transactions conducted by SEI. Deferred taxes arise from differences in commercial and tax treatment on investment and on the assets of oil and gas properties in the SEI.

### Long Term Loans

In 2016, long-term loan increased primarily due to an increase in the syndicated loan of USD 200 million, of which SEI loan drawdowns of USD 50 million in April 2016, USD50 million in June 2016, a US USD50 million in July 2016 and amounted to USD50 million in November 2016. On the other hand, some long term syndicate loan were reclassified to short term amounted to USD 48.75 million in 2016.

### Bonds Payables

On May 12, 2015, PGN issued Senior Unsecured Fixed Rate Notes worth USD1,33 billion, which will mature on May 16, 2024 at an issue price of 99.037%. The bond was listed on the Singapore Stock Exchange, irrevocably and unconditionally guaranteed by the Company. The net proceeds obtained by USD1.33 billion and used for capital expenditure, working capital and other general corporate purposes.

### Assets Abondenment and Restoration Obligations and Other Provisions

In 2016, Assets Abondenment and Restoration Obligations and Other Provisions decreased by 16.6% from USD31.54 million in 2015 to USD26.31 million. This was related to the operational activities conducted by SEI and PLI. This liability was the latest estimate for the cost of dismantling the asset and restoring the abandoned area.

## EQUITY

| Description | 2016 | | 2015 | | Δ% |
|---|---|---|---|---|---|
| | Million USD | Contribution % | Million USD | Contribution % | |
| Capital Stock | 344,02 | 10,9 | 344,02 | 11,4 | (0,0) |
| Share Capital is Recovered | 0,00 | 0,0 | (0,25) | (0,0) | (100,0) |
| Other Paid-Up Capital | 284,34 | 9,0 | 284,34 | 9,4 | (0,0) |
| Retain Earning | 2.564,57 | 80,9 | 2.428,35 | 80,3 | 5,6 |
| Other Equity Components | (29,76) | (0,9) | (36,10) | (1,2) | (17,6) |
| Non-Controlling Interests | 7,02 | 0,2 | 2,45 | 0,1 | 186,5 |
| **Total** | **3.170,19** | **100,0** | **3.022,81** | **100,0** | **4,9** |

Equity increased by 4.9% from USD3.02 billion in 2015 to USD3.17 billion in 2016. This increase was mainly due to the accumulation of retained earnings as a result of the achievement of Profit attributable to Parent Company owners in the current year. Other equity components consist of gains or losses and foreign exchange differences from translation of financial statements of the Subsidiary and the fair value of financial assets available for sale.

## CASH FLOW

| Description | 2016 | 2015 |
|---|---|---|
| Cash flow from operational activity | 655,55 | 528,44 |
| Cash flow from investing activity | (500,53) | (1.122,06) |
| Cash flow from Funding activity | 5,39 | 594,88 |
| Effect of exchange rate changes Net of Cash and Cash Equivalents | 8,13 | 3,29 |
| The increase - Net Cash and Cash Equivalents | 168,54 | 4,55 |
| Cash and Cash Equivalents Beginning Period | 1.135,50 | 1.130,95 |
| Cash and Cash Equivalents End of Period | 1.304,04 | 1.135,50 |

Cash and cash equivalents increased by 14.8% from USD1,14 billion in 2015 to USD1.30 billion in 2016. The cash balance was influenced primarily by the drawdown of the syndicated loan amounted to USD200 million and USD100 million by SEI short-term loan of SEI.

### Cash Flows from Operating Activities

Cash flows from operating activities rose 24.1% from USD528.44 million in 2015 to USD655.55 million in 2016. The balance primarily due to lower payments for operating expenses and other operating activities and due to a decrease in tax payments.

### Cash Flows from Investing Activities

Cash flows from investing activities decreased 55.4% from USD1.12 billion in 2015 to USD0.50 billion in 2016. This was mainly due to declining investment in the upstream sector through SEI on the block of oil and gas and a decrease in investment in fixed asset.

### Cash Flows from Financing Activities

Cash flows from financing activities amounted to USD5.39 million. In 2016, there were withdrawal of the syndicated loan amounted to USD200 million and drawdown of SEI short-term loan amounting to USD100 million.

## DEBT SERVICE RATIO

On December 31, 2016, debt to equity ratio increased from 0.90 in 2015 to 0.92 in 2016, and the debt service coverage ratio decreased from 5.03 in 2015 to 3.15 in 2016. It was the impact of corporate actions, namely the withdrawal of a syndicated loan amounted to USD200 million and short-term debt of USD100 million by SEI. But overall ability to repay debt of PGN is relatively stable.

| Rasio | 2016 | 2015 |
|---|---|---|
| Debt to equality ratio (x) | 0,91 | 0,90 |
| Net debt /EBITDA (x) | 1,89 | 1,60 |
| EBITDA/ Interest expense (x) | 6,10 | 8,81 |
| EBITDA/ Interest expense + principal (x) | 3,18 | 5,03 |

## RECEIVABLES COLLECTIBILITY

At the end of 2016, PGN group's ability to collect receivables (collection period) was 40 days. This calculation is derived from dividing the balance of receivables per December 31, 2016 net income for 2016 and multiplied it by the number of days in a year (366 days). The increase in accounts receivable collection period was affected by the receivables of acquired oil and gas blocks at the end of 2016.

Collection period for the Distribution business is 32 days. This indicates that PGN remains effective in managing gas consumption bill to customers. To mitigate the risk of uncollectible receivables, PGN requires customers to provide deposits as guarantee for gas subscription Guarantees can be in the form of Bank Guarantee, SBLC, cash and other forms set out in ordinances of gas subscription. With this guarantee, if customers cannot repay the debt, then the PGN can reimburse the guarantee so that receivables can be repaid.

## CAPITAL STRUCTURE

In 2016, PGN capital structure was as follows:

| Capital Structure | 2016 | | 2015 | | Δ% |
|---|---|---|---|---|---|
| | Million USD | Contribution % | Million USD | Contribution % | |
| Short-term Bank Loan | 100,00 | 1,6 | 0,00 | - | 100 |
| Total Long Term Loans | 1.467,30 | 24,2 | 1.375,04 | 24,0 | 6,7 |
| Maturity within one year | 170,99 | 2,8 | 121,62 | 8,8 | 40,6 |
| Long Term | 1.296,32 | 21,3 | 1.253,42 | 91,2 | 3,4 |
| Bond Payables | 1.335,34 | 22,0 | 1.333,76 | 23,3 | 0,1 |
| Equity | 3.170,19 | 52,2 | 3.022,80 | 52,7 | 4,8 |
| **Bond Payables** | **6.072,83** | **100,0** | **5.731,60** | **100,0** | **5,9** |

In July 2016, SEI withdrawal of short-term bank loans from PT Bank DBS Indonesia amounted to USD 50 million under the agreement No. 103 / PFP-DBSI / VI / 1-2 / 2016 dated June 14, 2016, PT Bank DBS Indonesia agreed to provide short-term loans to SEI worth USD50 million to support working capital. The term of the credit facility is 12 months from the date of June 14, 2014 until May 13, 2017 and bears an interest rate of three-month LIBOR plus a margin of 1.6% per year.

In November 2016, SEI withdrawal of short-term bank loan from PT SMBC Indonesia amounted to 50 million by agreement No. SMBCI / NS / 2016 dated July 27, 2016, PT Bank Sumitomo Mitsui Indonesia agreed to provide short-term loan worth USD100,000,000 SEI to support working capital. The term of the credit facility is 12 months from the date of July 27, 2016 until July 31, 2017 and bears an interest rate of three-month LIBOR plus a margin of 1.65% per year.

### SEI'S SYNDICATED LOAN

On December 2, 2016 SEI signed a syndicated loan facility agreement worth USD600 million by the Mandated Lead Arrangers and Bookrunners (MLAB), namely: The Hongkong and Shanghai Banking Corporation Limited, Mizuho Bank, Ltd., PT Bank BNP Paribas Indonesia, PT Bank Mizuho Indonesia, PT Bank Sumitomo Mitsui Indonesia, PT HSBC Securities Indonesia and Sumitomo Banking Corporation. The loan period of 5 (five) years from the effective period. These loans consist of onshore portion of USD321.37 million with an annual interest of Libor + 1.85% and the portion of Offshore USD278.63 million with an annual interest of Libor + 1.60%.

In 2016, SEI raised a loan of USD 50 million in April 2016, amounted to USD50 million in June 2016, amounted to USD 50 million in July 2016 and amounted to USD 50 million in November 2016. This facility was used to finance investment and other general corporate purposes.

### MANAGEMENT POLICY OF CAPITAL STRUCTURE

PGN sets policy to achieve an optimal capital structure in pursuit of its business objectives, which include maintaining healthy capital ratios and maximizing shareholder value.

Some of the debt instruments contain covenants that impose maximum leverage ratios. PGN has complied with creditors imposed capital requirements.

Management monitors capital using several financial leverage measurements such as debt to equity ratio and debt service ratio.

### THE BASIC OF MANAGEMENT POLICY OF CAPITAL STRUCTURE

PGN sets policy by maintaining a capital structure appropriate debt ratios (no more) of the financial covenants in the loan agreement to the creditors PGN 66.67%: 33.33%. Debt to equity ratio is calculated by dividing the portion of long-term debt-to-equity companies.

## MATERIAL COMMITMENTS FOR CAPITAL INVESTMENTS

At the end of 2016, no material commitments associated with capital goods investment in PGN.

## REALIZATION OF CAPITAL INVESTMENT

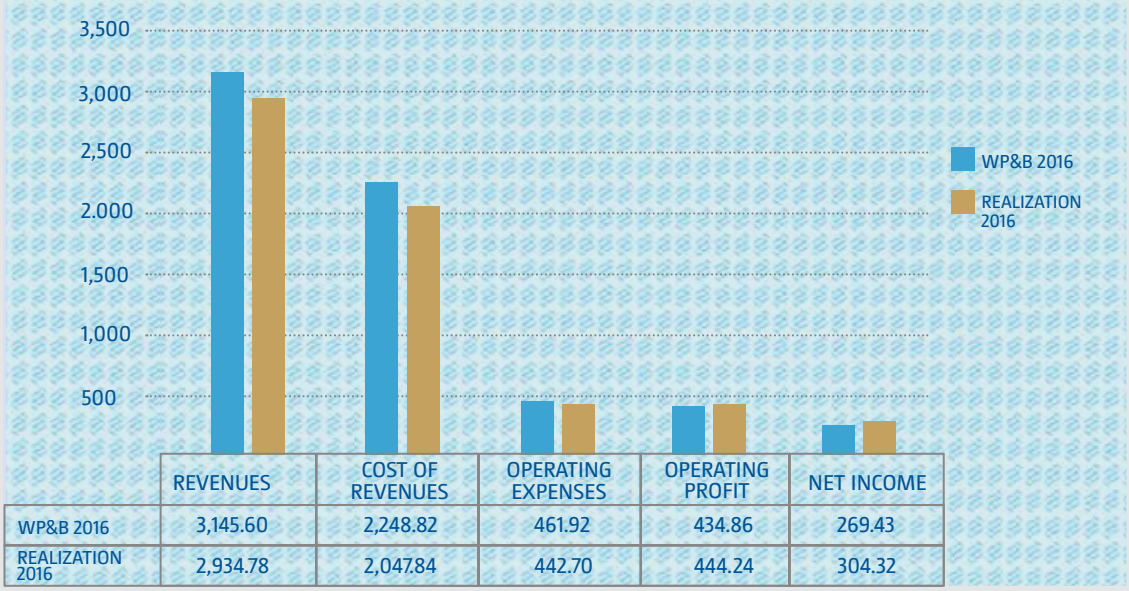
1. Type of Investment Goods
   In 2016, PGN invested capital as follows:
   - Construction of pipelines and supporting facilities, natural gas distribution
   - Development of oil and gas fields
   - Acquisition of gas field
2. Investment Objective
   Construction of pipelines and supporting facilities, distribution of natural gas intended for the connection of customers (customer attachment), increasing the reliability of network integrity and increasing the capacity of supporting facilities. This is an attempt PGN to provide excellent service to customers.
   Investment in oil and gas field development aims to increase the production in the field that it operates. Investments are also made on the field that is in the exploration stage of development and as the Company's commitment to the Government in the development of oil and gas fields.
   At the end of 2016 PGN through SEI acquisition Sanga Sanga gas field with the aim to improve 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 | 79.84 |
| • In the completion stage | 45,73 |
| Oil and gas field development | 245,34 |
| Acquisition gas field | 89,45 |

# TARGET ACHIEVEMENT IN 2016

In 2016, PGN set a target businesses adjusted to the global economic downturn. A summary of the achievement of performance targets in 2016 is as follows:

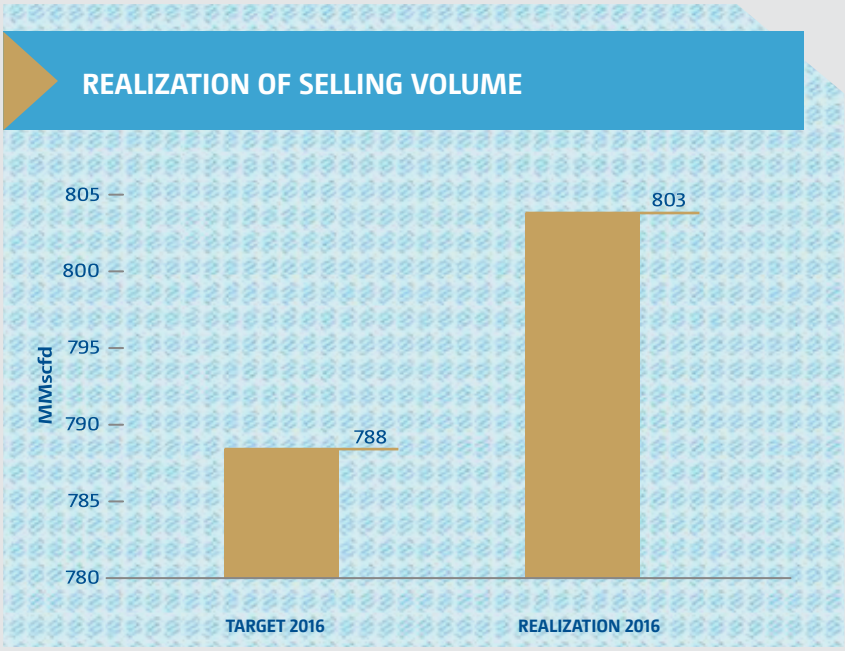
## SUMMARY OF PERFORMANCE TARGET ACHIEVEMENT IN 2016




| | REVENUES | COST OF REVENUES | OPERATING EXPENSES | OPERATING PROFIT | NET INCOME |
|---|---|---|---|---|---|
| WP&B 2016 | 3,145.60 | 2,248.82 | 461.92 | 434.86 | 269.43 |
| REALIZATION 2016 | 2,934.78 | 2,047.84 | 442.70 | 444.24 | 304.32 |

Profit for the period 2016 amounted to USD302,96 million, or 112.4% of target. PGN net revenues consolidated 2016 amounted to USD2,934.78 million, or 93.3% of the target volume affected by the lifting of oil and gas in the SEI of 10.4 MMBOE, 60% of the target. This is due to differences in the realization of the acquisition transaction completion time oil and gas blocks in 2016. The acquisition plan of the block, started since August, revenue was initially intended to be recognized starting January 2017. However, the completion of acquisition transation took place on November 2016 and consequently the revenue to be recognized start from November 2016.

Cost of revenues for USD2,047.84 or 91.1% of target in 2016. Cost of revenue did not reach the target due to lower tariff (compare to budget plan) of gas make up and lower cost of revenue of SEI. Operating profit amounted to 102.2% of the target. This was attributable to the income accrue on Joint Operation assets in Surabaya and Ketapang office, as well as income on insurance claims. The net profit amounted to 112.9% which was attributable to the above target figures of the share of profit of associates, as well as the advantages of purchase discount on acquisition of Sanga Sanga block.




## TARGET ACHIEVEMENT IN 2017

Based on the Government's Draft of the State Budget and Financial Note FY 2017, the global economic growth in 2017 is projected to increase compared to 2016. The growth of the national economy in 2016 which was still below the target, gave an impact on the Company's performance. The company estimates that the situation will be continued in 2017. The projection was based on condition where customers delay gas subscriptions and request for lower gas prices in order to remain able to produce and maintain competitiveness in the market. Based on the above conditions, projected natural gas demand for 2017 still stagnant, but PGN will undertake various improvement initiatives both of products and services and the expansion of services to new customers to keep gas consumption growth.

Considering the Indonesian GDP level compared with other countries in the region, PGN believes that demand could grow and industrial users of natural gas in Indonesia remains attractive in the future. PGN is now preparing to anticipate the development of the LNG industry in Indonesia, among others through integrated infrastructure of LNG receiving terminal, transmission pipeine and gas distribution networks. On the upstream side, oil price is still below expectations thus also affecting the achievement of PGN's performance. To that end, PGN establishes Strategic Business Priorities to fulfill its mission to encourage the achievement of the vision, namely Sustainable Growth, Performance Achievement, Crisis Management and Diversification.

Increased sales of natural gas to retail customers in particular industries are projected to occur in the presence of macro-economic growth and better stability of the rupiah.
PLN 2017, the investment plan priority was in accordance with PGN's Investment Strategy :

1. Investment Priority I; Retain Existing Customers & Acquire New Customers
2. Investment Priority II; Develop New Market
3. Investment Priority III; Develop New Product & Business

## MATERIAL INFORMATION AFTER THE REPORTING YEAR

After the reporting date, there are no material events that occurred in PGN and its subsidiaries and affiliates.

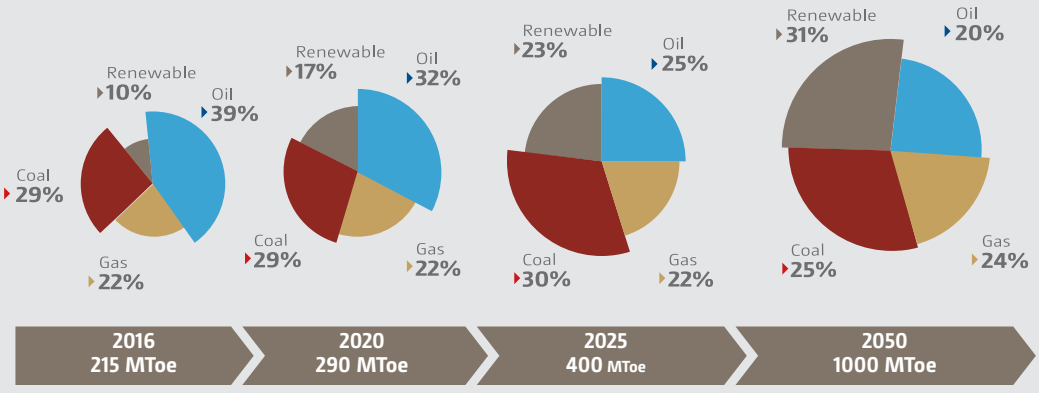
## BUSINESS PROSPECT

In 2017 Ministry of National Development Planning (Bappenas) projected that Indonesia's GDP for the year will grow by only 5.3%, this increase is not too significant compared to the Country's third quarter GDP in 2016 which amounted to 5.02%. According to the Bappenas, this estimate was made with economic assumptions that Indonesia will still be dominated by private consumption. Meanwhile, the impact of global economic turmoil to the nation's economy still can not be well predicted.

The main challenge for the Company in the coming years are still on the issue of commodity price of natural gas compared to its substitutes such as coal and petroleum. Coal is a competitive energy alternative to natural gas as its prices are much cheaper than the price of gas. In addition, in early 2016 the price of oil globally revolves around USD 30 / barrel resulting in difficulties of natural gas market to absorb the supply due to less competitive prices.

Based on Government Regulation No. 79 of 2014 on National Energy Policy, Indonesia's largest energy demands until 2030 are coal, renewable energy, and natural gas. Future policy regarding the national energy mix put gas as energy source will always have increase in demands. This made the composition of natural gas in national energy mix remained stable inline with the increase of national energy demand. Until 2020, projected mix of petroleum consumption has decreased to 32% while new renewable energy increased to 17% and natural gas remains the same at 22%.

**IMAGE OF ENERGY MIX INDONESIA 2015 - 2050**




Sources PP 79 In 2014, the National Energy Board

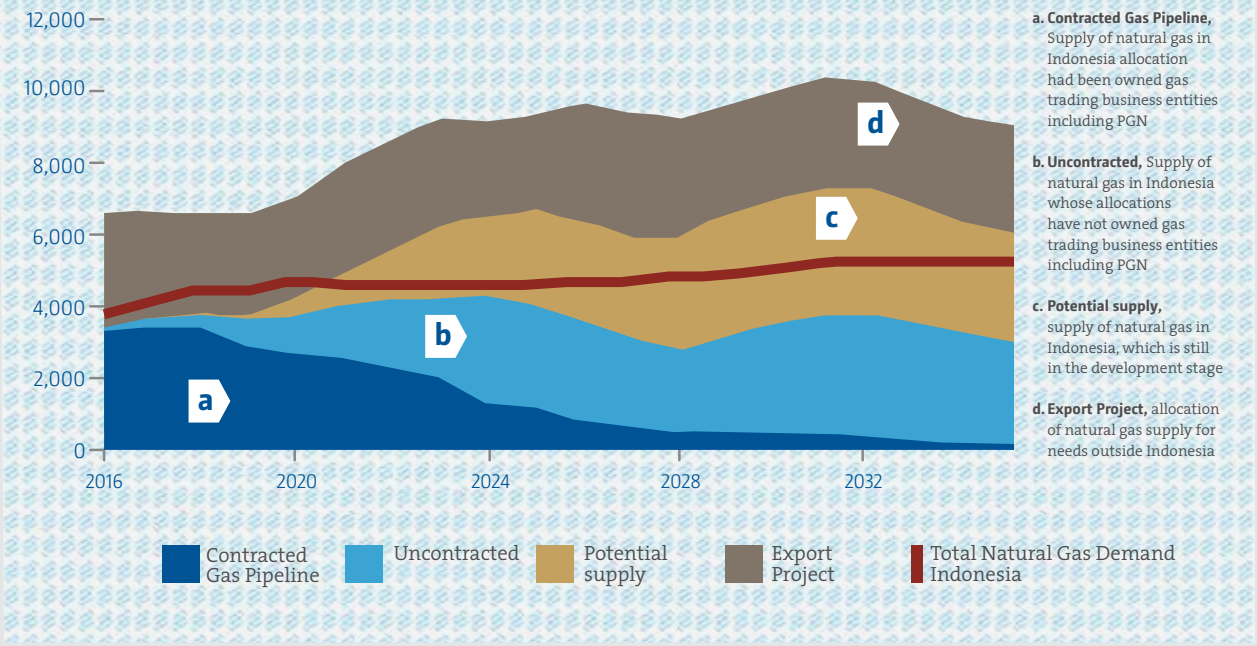
The company predicts that the business opportunities in natural gas utilization is still quite large. In terms of natural gas supply, Indonesia still has abundant potential reserves and demand for natural gas will continue to increase every year.

However, in order to face the global economic downturn that affected the Indonesian economy, the Government issued a number of economic policy package. Through one of the economic policy package, volume III package, the Government launched a variety of regulatory changes to improve the business climate in Indonesia. Such changes include changes in natural gas allocation priorities. Allocation and utilization of natural gas for domestic consumption prioritize on: transportation sector; households and small customers; to increase the production of oil and natural gas; fertilizer industry; gas-based industries; electricity generator and industries that use natural gas as fuel.

Given the priority allocation, some users can obtain supplies of natural gas directly from the gas field and transported through transmission pipelines and through LNG transportation modes. This made the Natural Gas Transportation business increased as depicted in the National Gas Balance shown below.

Strategies that can be used to capture the business opportunities of natural gas transportation is by approaching industries that has the gas allocation, coordinate with the Government, and prepare the natural gas transportation infrastructure to serve these needs.

## MAP OF NATIONAL GAS BALANCE




**a. Contracted Gas Pipeline,** Supply of natural gas in Indonesia allocation had been owned gas trading business entities including PGN

**b. Uncontracted,** Supply of natural gas in Indonesia whose allocations have not owned gas trading business entities including PGN

**c. Potential supply,** supply of natural gas in Indonesia, which is still in the development stage

**d. Export Project,** allocation of natural gas supply for needs outside Indonesia

Sources PGN Long Term Plan

# BUSINESS DEVELOPMENT

Several steps have been prepared by PGN to capture the business opportunities and expand its business in the whole natural gas business chain in Indonesia. PGN hope the Company's existence will not only focus on the midstream sector such as infrastructure and distribution of natural gas, but also throughout the business chain, from upstream to downstream business.

### LNG Mini/Medium Scale

Government's effort to expand the distribution of natural gas around Indonesia has its own challenge: Indonesia is an archipelago. Typical energy demands that arises consists of relatively small volumes that spread across the country that made it not feasible enough to use conventional modes of transportation through pipelines. PGN through its subsidiaries, PLI and GEI, seek modes of distribution of natural gas using LNG method in small and medium scale. PLI has take part in several Mini LNG supply tender, to meet the demands of under development power plants in Central and Eastern Indonesia, as well as some remote areas in the Western region of Indonesia. Integration of power plants as an anchor to the industrial and commercial demand supports the feasibility of this mode of transportation.

### Compressed Natural Gas (CNG)

PGN, through its subsidiary GEI, is developing CNG and the transportation infrastructure to meet the demand for industrial gas and Fuel Gas.
Fuel conversion to CNG made by the government as an effort to reduce Indonesia's dependence on imported fuel is an opportunity for PGN to expand its shares in the gas transportation sector. Existing CNG Refueling Stations will be optimized through the integration between the Gas Converter Distribution Project and the CNG Price Restructurisation Program initiated by the Government. In commercial and industrial sectors, GEI is developing Cradle CNG transportation modes to target the demand of natural gas in areas that can not be easily reached by pipelines.

### Power Plant and Petrochemical Plant (Value Added Creation)

To improve the utilization of natural gas, PGN will expand its business to Natural Gas Utilization. Market opportunities that will be studied further are the use of natural gas as fuel for power plant and as petrochemical raw materials. PGN has established an entity in power generation and electric support services named Widar. Widar began to capture available business opportunities to expand its business in power generation (power plant) by supplying small-scaled electric power (using micro turbines).

### Integrated Industrial Zone

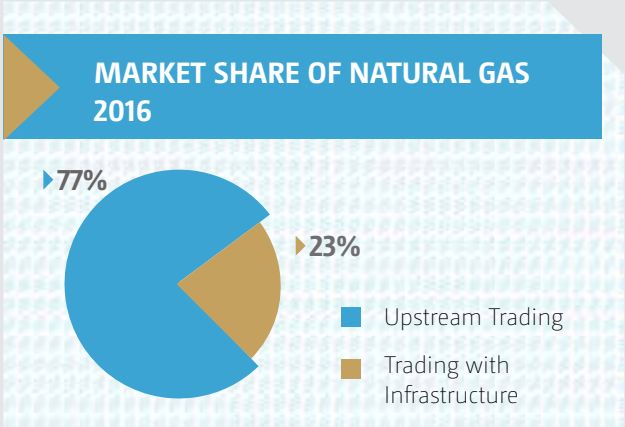
Industrial sector is the second largest customer after power plant. Their high volume of consumption made it feasible to develop a business in integrated industrial park. The plan was to integrate the industrial area with variety of facilities and networks owned by PGN. The establishment of PGN's Subsidiary, Permata, in 2014 was the first step in expanding their business in asset management and services. Permata has conducted surveys, site selections, and feasibility studies for the development of integrated industrial park to increase the added value of the company.

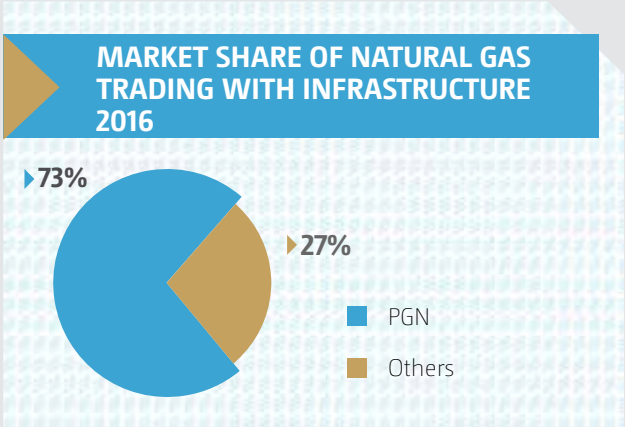
## MARKETING ASPECT

### MARKET SHARE

PGN distributes or sells gas to industrial and commercial customers based on Gas Sales Agreement (GSA). GSA between PGN and the customer is a business agreement where the gas prices are determined by several factors such as: gas price, purchasing power of customers, other alternative energy prices, and other factors. If suppliers raise their prices to PGN, PGN will make adjustments to its selling price to customers. For residential and small customers, the selling prices of gas are subject to the regulations of Minister of Energy and Mineral Resources (ESDM) which was determined by BPH Migas. The gas distribution agreements between PGN and Households/ Small-sized Customer are expressed in Gas Subscription Letter.

In 2016, natural gas production in Indonesia for domestic consumption reached ± 4,800 MMscfd. From that total production, about 2,900 MMscfd were managed by the upstream sector who channeled the gas directly to the end user while approximately 1,100 MMScfd were managed by fully-facilitated natural gas business entities. PGN as one of these business entities owned around 73% of the market share of pipeline-distributed natural gas trading in Indonesia. This market share of 2016 is increased compared to 2015 by 71%.




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

## MARKETING STRATEGY

PGN as an infrastructure SOE always committed to continue developing infrastructures and improve the utilization of natural gas in Indonesia. PGN also consistently perform its function as an agent of development to deliver gas directly to end users covering all customer segments. The improvement of gas distribution has always kept in line with the increase of quality of service. The development of PGN's infrastructure is performed by market penetration in existing operational area and development of new markets.

Furthermore, PGN has started a new era by moving forward from focusing on products and the benefit of the products to keep in pace with the development of technology and changes in the market, with these in account PGN have to improve their marketing approach.

Manually bill customer monthly through couriers, manually record the gas meter, and limitations to obtain information by the customer, are some of many service encounters that need to be addressed and to be improved. While their means to listens, interacts, and view the customers to gather issues that can be resolved later are some ways used by PGN to improve their quality of service to be able to meet the requirements of their customers.

PGN move forward into customer-oriented philosophy to be able to understand their customers better by weighing more their attention to customer experience concepts and experiental marketing. From understanding customer experience concepts PGN will be able to fulfill customer's needs and expectations through technology utilization as PGN's innovation in improving customer's satisfaction and relationship with the company.

In 2016, there are some marketing and sales strategies that have been done by PGN to improve sales and maintain its market share. These strategies were implemented by PGN together with its Subsidiaries.

a. Market penetration and new market development
   For 2016, PGN performed market penetration in its existing business region to improve gas sales volume. Those penetrations include "gas ins" in some customer in Karawang Area; (i) PT Asahimas Flat Glass in November 1st, 2016, with 4.8 MMscfd volume; (ii) PT Pelita Cengkareng in September 8th, 2016, with 4 MMscfd volume; (iii) PT Gemilang Mitra Sejahtera in September 22nd, 2016. Other "gas ins" performed are to PT Jakarta Energi Utama (Ancol Gas Refueling Station) in Jakarta Area in March 1st, 2016 with 1.6 MMscfd volume, PT Energi Baharu Lestari in Surabaya Area in September 15th, 2016, and to PT Global Capital Land in December 29th, 2016 in Medan Area.

PGN continues to develop natural gas fuel by commercialized the product to some Gas Refueling Station in all PGN's operating area such as Jakarta, Purwakarta, Lampung, Batam, and Sukabumi. These efforts show PGN's concistency in developing natural gas infrastructure in Indonesia by expanding their pipelines network more than 190 KM in 2016.

Furthermore, as their means to support the 35,000 MW electricity program, in 2016 PGN have extend their Gas Sales Agreement with PLN maintain gas supply for PLN's power plant such as Muara Tawas Power Plant in Bekasi Area, PT Indonesia Power UP Priok in Jakarta Area, Sutami Power Plant, and MPP New Tarahan Power Plant in Lampung Area.

In 2016, as assigned by the government as stipulated in Ministry of Energy and Mineral Resources' (ESDM) regulation No. 4823.K/12/MEM/2015 dated December 28th, 2015, PGN was assigned to construct and operate Gas Pipelines Network (Jargas) for households in three cities: Surabaya, Tarakan, and Batam.

In gas transmission/transportation business, PGN was assigned by the government to construct the Section I WNTS – Pemping pipeline network. This network will become the foundation to optimize the potential of natural gas supply from Natuna field to support domestic demands. PGN is also in negotiation with PLN discussing the utilization of Wampu – Belawan pipeline network that distributes natural gas to PLN's power plant.

In the future PGN will continue to expand their infrastructures by market penetration in their operating areas and developing new market. PGN will also expand their distribution network in other cities such as Dumai, Gresik, Lamongan, Tuban, et cetera, either by conventional gas distribution or by gas intermodes (CNG and LNG). PGN with their Subsidiaries and Affiliates will continue to improve gas sales and its derived products, including electricity.

b. Surcharge Removal Incentives
To balance the supply and sales of natural gas, PGN implemented surcharge to customers who use gas beyond their contract limit. Surcharge was implemented so that every customer may only consume gas within the limits agreed before and to maintain the pressure in the distribution network as it will affect other customers located around the end of the network.

In 2016, PGN offered an incentive of surcharge removal in some Sales Area that has higher supply volume compared to their contracted demands. This incentive also has been offered during low seasons, for example during Eid Al-Fitr holidays and in the end of the year. Customer has responded positively to this program as it is being utilized to maintain their product's competitiveness when they are consuming gas above their contract limit. This positive response helps PGN increase their sales during low sales period.

c. Centralized Contact Center and 24/7 Service
In line with organization transformation that PGN undergo, they also transform their Contact Center. Since 2015, to support "PGN Love Mothers" and Gas Pipeline Network (Jargas) program from the government, we established a centralized Contact Center in our Head Office by transfer our Contact Center agents and system from our Strategic Business Units. Centralization was conducted to improve the service quality of our Contact Center. This Contact Center was officially launched in Januari 18th, 2016.

To support the optimization of PGN Contact Center in our Head Office, we also assign agents to perform walk-ins in each Sales Area to be able to quickly respond Customer's issues and reports, and coordinating the problem with related functions in the area. The agents also handles direct consultation with customer and potential customer in the area.



d. Mobile Application Launch




With technological advancement, PGN strive to improve quality of service and accessibility for customer to be able to monitor their consumption accurately by using Mobile Apps. PGN has developed Android and iOS based applications as their adaptation to technology advancement and improving their service quality and accessibility to customer. These applications can be used using these links:

i. For Android users: https://play.google.com/store/apps/details?id=id.cameolabs.pgn.mobile
ii. For iOS users: https://appsto.re/id/_RQkcb.i

e. "PGN Sayang Ibu" Program
In 2016, PGN sustainably continue "PGN Sayang Ibu" Program that has been launched since March 25th, 2014. This program was aimed to speed-up the gas consumption in households. This program was also launched as a form of PGN's support for the government in reducing LPG subsidies. The program is a continuing program which targets one million new household installations. During 2016, PGN have expands their services to 57,702 new household customers.



f. Payment Method
In order to improve customer satisfaction, PGN continue to maintain partnership with financial intermediaries and service providers to provide user-friendly payment mechanism to customers, mainly households. Other than through ATM, teller, online transfers, PGN also accept payments via Indomaret (minimarket) or Payment Point of Bank (PPOB) system. These systems were offered to improve PGN's premium services and enables customers to fulfill their payment obligations easily.

g. Customer Satisfaction Level
Annually, PGN conduct a survey for customer satisfaction regarding PGN's services. Those surveys were conducted by independent consultant. According to the consultant, the customer satisfaction level for 2016 is 5.37 in 6-point Likert Scale, higher than 2015 which was 5.30. According to PGN's customer in 2016, they are still loyal to our product because they are satisfied of PGN's service and the quality of our products. Supply reliability, competitive price, and installation timeliness are the customers' expectation of PGN's next performance. PGN will always maintain coordination with the government and regulators to ensure the reliability of gas supply and allocation to comply with the customers' demands. PGN always participate and support the government's program regarding optimization of natural gas utilization across the country. We strive to be cost efficient to be able to distribute our product reliably to the customer and ensure competitiveness in our market.

Those results motivate PGN to always develop and improve our quality and service to the customers.

## DIVIDEND DISTRIBUTION POLICY

In 2016, the Annual General Meeting of Shareholder in April 8th, 2016, has concluded to distribute a cash dividend of Rp 2,213,734,528,459.00 (equivalent to USD 168,101,946.00), or 41.2% of net profit of 2015 or equal to Rp91.32 per shares.

While in 2015, the Annual General Meeting of Shareholder in April 6th, 2015 has decided to distribute cash dividend of Rp 3,510,872,093,109.00 (equivalent to USD 271,277,398.00), or 40.8% of net profit of 2014 or equal to Rp 144.84 per shares.

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

According to the Extraordinary General Meeting of Shareholders on November 3rd, 2003, and as stated in the Deed No. 5 from Fathiah Helmi, SH, the shareholders approved the Emplyee Stock Ownership Program (ESA) and the Management Stock Ownership Program (MSOP), which terms and coditions were determined by the Board of Commisioners. The company then established three programs for ESA participants, as follows:

1. Provide ESA participants with free shares as a form of appreciation for having contributed to the Company, each for an average of two times the amount of monthly income. This program's shares is not for sale within one year period after the date of the Company's shares listing on Stock Exchange and is not to be withdrawn in cash by ESA participants.
2. ESA Participants may also purchase shares using bonus payments in 2003 by as much as three times their monthly salaries. The shares purchased through this method was discounted 18% from offering price. Shares from this program is not for sale within one year period after the date of Company's shares listing on Stock Exchange and is not to be withdrawn in cash by ESA participants.
3. If ESA participants are willing to use their rights on programs 1 and 2, they are given the opportunity to buy shares in cash using their own funds to obtain a discount of 18% from the offering price. Shares from this program is not for sale within one year period after the date of the Company's shares listing on the stock exchange and is not to be withdrawn in cash by ESA participants. Based on the Board of Commissioners meeting in November 17th, 2003, those who are eligible for the MSOP program are the Board of Directors, Board of Commissioners and senior management at certain levels. In this program, the number of new shares to be issued must not exceed 5% of the issued shares with a maximum period of shares issuance is 3 years and executed in 3 phases within 5 years with the following details:
    a. The First Phase
    The maximum number of shares to be issued is 50% x 5% x the number of issued shares at an exercise price of 110% of the initial public offering price or at Rp1,650. Entitlements held in December 15th, 2003, with a vesting period of 1 year. The implementation period is 1 year starting December 15th, 2004.

b. The Second Phase
The maximum number of shares to be issued is 25% x 5% x the number of issued shares at an exercise price that will be determined by the Board of Commissioners under the provision that the price should not be lower than the average share price over 25 trading days before the announcement of the shareholders general meeting. Entitlements held in February 15th, 2005, with a vesting period of 1 year. The implementation period is 1 starting February 15th, 2006.

c. The Third Phase
The maximum number of shares to be issued is 25% x 5% x the number of issued shares at an exercise price that will be determined by the Board of Commissioners under the provision that the price should not be lower than the average share price over 25 trading days before the announcement shareholders general meeting. Entitlement held in February 15th, 2006, with a vesting period of 1 year. The implementation period is one year starting February 15th, 2007.

In the first phase of MSOP program, as many as 108,024,675 shares have been executed in 2005, while the second phase in 2007 as much as 53,930,825 shares have been executed and 53,551,388 in 2008 during the third phase.

In 2016, no stock ownership programs (ESOP/MSOP) we rolled out in 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 2016, 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

In 2016 there was no lending to subsidiaries or affiliates.

## INVESTMENTS TO SUBSIDIARIES

1. Name of transaction parties
In 2016, PGN made an investment in the Subsidiary namely GEI, PGASCOM and Permata.
2. Fairness in transaction
All transactions above was fairly executed in GCG principles and business practice.
3. Reasons of transactions
Investment participation was carried out to give Subsidiaries sufficient funding to invest and grow their businesses and make synergies within PGN Group. Participation to the GEI was intended for gas filling station development projects, electricity and other supporting activities. Participation to PGASCOM was given in the form of convertible loan in accordance to Shareholder Loan agreement. Meanwhile,investment participation to Permata is intended to increase Permata's capital in affiliate KJG.

4. Realization of transactions during the period of the financial year 2016
   Realization of transactions in the period of the financial year 2016, which amounting to USD17,50 million in GEI, IDR142 billion in PGASCOM and IDR378,82 billion in Permata.
5. Policy on transaction review mechanism
   PGN has a working unit which is responsible to evaluate and review the performance of the Subsidiaries. The performances were reviewed periodically to ensure that the transactions are carried out in accordance with the purpose of these investments.
6. Compliance regulations and related provisions
   All of the transactions were conducted in accordance with relevant rules and regulations and based on good corporate governance principles. Approval of these investments was made with reference to the Company's Articles of Association.

## CHANGES IN LEGISLATIVE REGULATIONS

The weakening global economy had an impact on Indonesia's economy until 2016 that the government issued a number of economic policy packages. In the third economic policy package, the Government launched a variety of regulatory changes to improve the business climate in Indonesia.

In 2016 there was a change of regulations related to the business activities of PGN, namely the issuance of Minister No. 06 of 2016 dated on February 24, 2016 on Provisions and Procedures for Determination and Allocation and Utilization of Natural Gas Prices. The regulation is an amendment of the previous Decree of ESDM Minister No. 37/2015 regarding the same rule. Under the new decree, priority of gas allocation for domestic purposes is as follows:

a. To support the Government's program of natural gas for transportation, household and small customers.
b. To increase oil and natural gas production.
c. To fertilizer industry.
d. To gas based industry.
e. To electricity sector.
f. To industries that use natural gas as fuel.

In the implementation, gas supply allocation, is given to SOE, local government entity, as well as business entity which hold gas trading license and assigned by the Government. The entities should use natural gas for their business or they have to sell natural gas directly to end users.
The regulation, is expected to eliminate the layered-trading practice to end users to create efficient supply chain of natural gas business. PGN, as an SOE that serves all customer segments and sell natural gas directly to end users, has been supplying gas to all concerned industries, which obtained the allocation priorities excluding the fertilizer industry.
Through the Decree of ESDM Minister No. 06/2016, the Government is aiming at securing natural gas supply for the greater prosperity of the people.

The government also issued Presidential Regulation No. 40/2016 regarding Natural Gas Pricing on May 3rd, 2016. The regulation, which is effective retroactively from 1 January 2016 is implemented to set the price of certain natural gas for seven natural gas users that are engaged in: the fertilizer industry, petrochemical industry, oleochemical industry, steel industry, ceramic industry, glass industry and industrial rubber gloves. When the price of natural gas can not meet the economics of the above mentioned industries or higher than USD6/MMbtu, the government set the gas price at the upstream at USD6/MMbtu for the seven industries. Nonetheless, this upstream gas price determination will not affect the revenue of the production sharing contract contractor.

As the implementing regulation of the Presidential Regulation No. 40/2016, the Government then issued Decree of ESDM Minister No.16/2016 regarding Procedure for Determining the Price for Specific Users on June 16th, 2016. The decree, which is effective retroactively from 1 January 2016, regulates the pricing for specific gas to industries engaged in the fertilizer industry, petrochemical industry, chemical industry, steel industry, ceramic industry, glass industry and rubber gloves industry.
The decree regulates the procedure for the industries to obtain the price incentives with recommendation from the Ministry of Industry. The issuance of the ministerial decree can directly impact on the operational business PGN.

In addition to the two (2) above regulations, the Government has also published:

1. Adjustment of PGN's Business License in Natural Gas Trading through the ESDM Minister No. 391.K/10.01/DJM.O/IU/2016 dated December 30th, 2016 concerning The Second Amendment of Natural Gas Trading Licence through PGN's Dedicated Pipeline.
2. Letter of Minister of Energy and Mineral Resources No. 12302/10/DJM.O/2016 dated October 17th, 2016 concerning Temporary Natural Gas Trading License through Pipeline for West Natuna Transportation System to Pemping Island.

With the issuance of the trading license, PGN achieves a positive impact on the legal certainty of doing business in its operational areas and therefore is easier to get gas supply allocation as stipulated in the Decree of ESDM Minister No. 06/2016.

In 2016, the Government through the Decree of ESDM Minister No. 4823.K/12/MEM/2015 gave a mandate to PGN to carry out the construction and operation of Natural Gas Pipeline Network for Household in Batam, Surabaya and Tarakan. Subsequently, through the Decree of ESDM Minister No. 8086.K/12/MEM/2016, the Government assigned PGN to provide and distribute natural gas through gas distribution network for Domestic Fiscal Year 2017.

Meanwhile, Subsidiary, PLI participated in business development of PGN through LNG break bulk scheme, which allows PLI to trade a certain volume of LNG. The Government, through the ESDM Minister Letter No. 3619/10/DJM.O/2016 dated March 22nd, 2016 concerning Temporary Trading Business License for LNG, gave the legal basis which has a positive impact on the legal business certainty for the break bulk scheme of PLI.

GEI also expands its business through the operation of gas fuel filling station (SPBGs) in Pondok Ungu (Bekasi), Sukabumi Bogor, Surabaya, Batam and Purwakarta in accordance with the Decree of ESDM Minister No. 380.K/10.01/DJM.O/IU/2016 dated December 23rd, a certain volume 2016.

# CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the 2016 consolidated financial statements are consistent with the accounting policies applied in the consolidated financial statements in 2015.

Effective on January 1, 2016, PGN apply standards and new interpretations or revisions of the following, but does not have a material effect on the consolidated financial statements:

1. Indonesia's Accounting Standards No. 4 (Revised 2015): Separate Financial Statements
   Amendment to this Standard allows the use of the equity method as a method of recording the investment in subsidiaries, joint ventures and associates in the separate financial statements of the entity.
2. Indonesia's Accounting Standards No. 5 (Revised 2015): Operating Segments
   This Standard revision adds a short description of operating segments which has been combined and economic indicators with similar characteristics.
3. Indonesia's Accounting Standards No. 7 (Revised 2015): Related Party Disclosures
   This improvement provides additional requirements of related parties definition and provides clarification regarding compensation paid by management.
4. Indonesia's Accounting Standards No. 13 (Revised 2015): Investment Property
   This Standard revision provides clarification that Indonesia's Accounting Standards 13 and Indonesia's Accounting Standards 22 influences each other. Indonesia's Accounting Standards 13 provide guidance to distinguish investment property and self-used properties. Indonesia's Accounting Standards 22 provide guidance to determine whether acquisition of investment property is an business combination.
5. Indonesia's Accounting Standards No. 15 (Revised 2015): Investments in Associates and Joint Ventures
   Amendment to this Standard provides clarification on the consolidation of the exemption for investment entities when certain criteria are met.
6. Indonesia's Accounting Standards No. 16 (Revised 2015): Fixed Assets
   a. Amendment to this Standard clarifies that the use of the depreciation method based on income is inappropriate.
   b. This improvement Standard provide clarification related to the revaluation model, that when an entity uses the revaluation model, the carrying amount of the asset is back to its revalued amount.

   The split between carrying amount and accumulated depreciation is treated in one of the following ways:
   (i) The carrying amount is restated in a manner consistent with the revaluation of the carrying amount and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment lossers; or
   (ii) The accumulated depreciation is eliminated against the gross carrying amount of the asset.
7. Indonesia's Accounting Standards No. 19 (Revised 2015): Intangible Assets
   a. Amendment to this Standard provides clarification on the assumption that revenue is not an appropriate basis to measure the economic benefit of intangible assets can be rebutted in certain limited circumstances.
   b. This improvement Standard provide clarification related to the revaluation model, that when an entity uses the revaluation model, the carrying amount of the asset is back to its revalued amount.

The split between carrying amount and accumulated depreciation is treated in one of the following ways:
(i) The carrying amount is restated in a manner consistent with the revaluation of the carrying amount and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment lossers; or
(ii) The accumulated depreciation is eliminated against the gross carrying amount of the asset.

8. Indonesia's Accounting Standards No. 22 (Revised 2015): Business Combination
The Standard is amended to classify that Indonesia's Accounting Standards 22 does not apply to accounting for the formation of any joint arrangement under Indonesia's Accounting Standards 66. The amendment also clarifies that the scope exemption applies only to the financial statements of the joint arrangement itself.

This Standard revision clarifies the scope and obligation to pay contingent consideration which meets definition of financial instruments recognised as financial liabilities or equity.
This Standard also has an impact to improvement of the following Standard:
a. Indonesia's Accounting Standards No. 55: Financial Instruments: Recognition and Measurement.
b. Indonesia's Accounting Standards No. 57: Provisions, Contingent Liabilities and Contingent Assets.

9. Indonesia's Accounting Standards No. 24 (Revised 2015): Employee Benefits
Amendment to this Standard is to clarifiy accounting for dues contributions from employees or third parties that do not depend on the number of years of service, for example, worker contributions are calculated based on a fixed percentage of salary.
10. Indonesia's Accounting Standards No. 25 (Revised 2015): Accounting Policy, Changes of Accounting Estimates and Error
This Standard revision provides editorial corrections to the limitations of retrospective application.
11. Indonesia's Accounting Standards No. 53 (Revised 2015): Share-based Payments
This Standard revision provides clarification for vesting condition, performing condition and service condition.
12. Indonesia's Accounting Standards No. 65 (Revised 2015): Consolidated Financial Statements
Amendment to this Standard clarifies the exemption on consolidation for investment entities when certain criterias are met.
13. Indonesia's Accounting Standards No. 66 (Revised): Joint Arrangements
Amendment to this Standard requires all the principles of business combination in Indonesia's Accounting Standards No. 22 and other Standard with other disclosure requirements is applied to initial acquisition of interests in joint operations and for additional acquisition of interests in joint operations, as long as they are not conflicted with the existing guidance in Indonesia's Accounting Standards No. 66.
14. Indonesia's Accounting Standards No. 67 (Revised 2015): Disclosures of Interests in Other Entities
Amendment to this Standard clarifies exemption of consolidation for investment enitites when certain criterias are met.
15. Indonesia's Accounting Standards No. 68 (Revised 2015): Fair value measurement
This Standard revision clarifies that the portfolio exception, which permits entities to measure the fair value of the Group's financial assets and financial liabilities on a net basis, applied to all contracts (including non-financial contracts) within the scope of Indonesia's Accounting Standards No. 55.
16. Indonesia's Accounting Standards No. 70: Accounting for Tax Amnesty Assets and Liabilities
This Standard provides accounting policy choices for an entity to apply accounting treatment for the recognition of assets and liabilities in accordance with the provision of the Tax Amnesty Law based on its Declaration Letter for Tax Amnesty.

The alternative accounting options are:
- To use the existing applicable standards under Indonesian Financial Accounting Standard (General Approach)
- To use of the specific provision in Indonesia's Accounting Standards No. 70 (Optional Approach)

17. IFAS No. 30 (Revised 2015): Levies
This IFAS represents interpretation of Indonesia's Accounting Standards No. 57: Provision, Contingent Liabilities and Contingent Assets which clarifies the accounting liability to pay the levy, other than income taxes that are within the scope of Indonesia's Accounting Standards No. 46: Income tax and other penalties for violations of law, to the Government.

New standards, amendments and interpretations issued but not yet effective for the period are as follows:

1. Indonesia's Accounting Standards No. 1 (Revised 2015): Presentation of Financial Statements
Amendments to this Standard 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.
Indonesia's Accounting Standards No. 3: Interim Financial Statements;
Indonesia's Accounting Standards No. 5: Operating Segments;
Indonesia's Accounting Standards No. 60: Financial Instruments: Disclosures; and
Indonesia's Accounting Standards No. 62: Insurance Contracts.
2. Indonesia's Accounting Standards No. 2 (Revised 2016): Statements of Cash Flows
Amendments to this Standard 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.
3. Indonesia's Accounting Standards No. 3 (Revised 2016): Interim Financial Statements
This Standard 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.
4. Indonesia's Accounting Standards No. 16 (Revised 2015): Fixed Assets, for the paragraph which relate to agriculture asset
Amendment of this Standard clarifies that biological assets that meet definition as bearer plants are within the scope of Indonesia's Accounting Standards 16. Definition, recognition and measurement of bearer plants follows requirements determined by Indonesia's Accounting Standards 16.
5. Indonesia's Accounting Standards No. 24 (Revised 2016): Employee Benefit
This Standard 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.
6. Indonesia's Accounting Standards 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 utilized, 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.

7. Indonesia's Accounting Standards No. 58 (Revised 2016): Non-current Assets Held for Sale and Discontinued Operations.
This Standard 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.
8. Indonesia's Accounting Standards No. 60 (Revised 2016): Financial Instrument: Disclosures
This Standard 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.
9. Indonesia's Accounting Standards No. 69: Agriculture
Indonesia's Accounting Standards 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.

   Indonesia's Accounting Standards 69 provides an exception for assets which are excluded from the scope. Accounting treatment applied to productive assets referring to Indonesia's Accounting Standards 16. Indonesia's Accounting Standards 69 does not regulate the processing of agricultural products after the harvest. For example, processing grapes into wine and wool into yarn.
10. IFAS No. 31: Interpretation on scope of Indonesia's Accounting Standards 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 Indonesia's Accounting Standards 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.

The above standards are effective for the financial year beginning on or after January, 1 2017 or 2018.

As at the authorisation date of these consolidated financial statements, the management is still evaluating the potential impact of these new and revised Standard to the financial statements of the Group.

# BUSINESS SUSTAINABILITY INFORMATION

In 2016, information related to business continuity PGN are as follows:

1. Things that significantly influence the company's sustainability;
   - The decline in world oil prices
     Realized oil prices were low throughout 2016 had a significant influence on the company that is a decrease in revenue and volume demand of natural gas distribution customers. The decline in oil prices has an impact on SEI ie revenue decline and the rise of impairment on oil and gas properties that affect financial performance on a consolidated basis PGN.
   - Low national economy growth
     Low economic growth lowers the purchasing power. This affects the national industrial production to decline, reduced electricity demand, and reduced commercial activities. As a result of the decline in industrial production, electricity, and commercial, PGN gas consumption by the customers were reduced.
   - Regulation of the commercial aspects of natural gas
     (i) Ministerial Regulation No. 06/2016 on Terms and Procedures for Allocation, Utilization, and Price of Natural Gas.
     The publication of the Ministerial Regulation No. 06/2016 has change the policy of natural gas allocation in Indonesia to eliminate the possibility to give natural gas allocation to entities that do not have natural gas infrastructure directly to end users. PGN as a SOE with natural gas infrastructures has a good position in the implementation of the 06/2016 Ministerial Regulation. Thus continuity of PGN's participation of the natural gas utilization in Indonesia can be optimized.

     (ii) ESDM Minister Decree No. 4823.K/12/MEM/2015 on Assignment to PT Perusahaan Gas Negara (Persero) Tbk in Construction and Operation of Natural Gas Distribution Network for Domestic Fiscal Year 2016 and the ESDM Minister Decree No. 8086.K/12/MEM/2016 on Assignment to PT Perusahaan Gas Negara (Persero) Tbk to Supply and Distribute Gas through Gas Distribution Network for Domestic Fiscal Year 2017.

     These Ministerial Decrees show PGN as a strategic partner of the Government in ensuring national energy security and accelerating the diversification of energy by accelerating the implementation of oil substitution with gas in the household sector. In addition, through Ministerial Decree No. 8086.K/12/MEM/2016, PGN expand the utilization of natural gas in new areas, Musi Banyuasin. This supports PGN's commitment to continuously expand their natural gas services across Indonesia.

(iii) ESDM Minister Decree No. 8103.K/12/MEM/2016 on Assignment to PT Perusahaan Gas Negara (Persero) Tbk to Supply, Distribute and Install Converter Kit for Office Vehicles and Public Transportation for Fiscal Year 2017.

This Ministerial Decree shows PGN as a strategic partner of the Government in implementing energy diversification of fuel to gas for motor vehicles.

2. Management's assessment of the influence
   - Management conducts a risk assessment on the things that potentially cause a significant impact on PGN's business continuity.
   - Based on the assessment that has been done, PGN undertake mitigation measures to maintain business continuity, such as:
     - Setting SEI's production portfolio among oil, natural gas and LPG based on the commodity's prices in the energy market.
     - Increased production of SEI by drilling new wells at existing production field.
     - Increased consumption of existing customers through a surcharge-free mechanism, improving customer service and network reliability
     - Develop the pipeline network to the end customer to add new customers in existing areas and develop gas markets in new territories
   - With the mitigation measures that have been done, PGN was able to maintain sales volume amid the decline in natural gas consumption and maintain SEI's revenue that contributes to PGN's performance in the consolidated level.

3. The assumptions used by management in conducting the assessment.
   - The assessment is based on the assumptions outlined by PGN's CBP for 2016 that refers to the revised state budget where oil prices were projected at 40 USD/bbl and national economic growth of 5.1%.
   - At the end of 2016, the average prices of oil are above expectation, where the average realized oil price in the range of 55 USD/bbl and national economic growth of 5.01%.

# GOOD CORPORATE GOVERNANCE

05

# 05 GOOD CORPORATE GOVERNANCE


pgn.com
PGN

# GOOD CORPORATE GOVERNANCE



**The Principle of Good Corporate Governance (GCG) was applied to increase performance and value of the Company**

The application of GCG in the Company inter  intended to optimize the value of PGN group so as to have strong competitiveness both national and international to achieve the urpose and objective of the Company

# THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

A State-Owned Enterprises (SOE / BUMN) as one of Indonesia's economy pillars is required to be the pioneer of Good Corporate Governance (GCG) implementation. In order to drive that, the State Minister of SOE has issued the State Ministry of SOE Regulation Number: PER-9/MBU/2012 dated 6th July 2012 on the Amendment on State Ministry of SOE Regulation Number: PER-01/MBU/2011 dated 1st August 2011 on the GCG Implementation in State-Owned Enterprise.

GCG is a tool utilized by the Company Organ to improve the success of business and accountability of Company in order to realize the shareholder's value in a long term by continuously considers other stakeholders 'needs, based on the law and regulations as well as business ethics, PGN as one of the SOEs always take an active role in the process of national economic development by improving the Company's performance upon the foundation of GCG principles.

PGN implement the Good Corporate Governance (GCG) and principles of Transparency, Accountability, Responsibility, Independence and Reasonableness as the foundation to improve the performance of the Company continuously by updating various Guidelines, Operational Procedure, Manual with applicable law and regulation, transformation program and Company development. The enhancement was strengthened through socialization and its implementation to re-remind all Stakeholders on the importance of GCG implementation in each work activity.

## THE OBJECTIVE OF GOOD CORPORATE GOVERNANCE

As gas transportation and trading's SOE, PGN had proved its long term experience in developing natural gas infrastructure that were long term investment for future generation. Along with PGN's growth, the Company has transformed to strengthen its position as the leading energy company in Indonesia. Transformation is not only on the shape of organization, yet it is also strengthened with values believed to be implementable by every individual of PGN. In order to realize the PGN's vision "To Be the World-Class Energy Company in Gas by 2020", the company utilizes its independence and synergy of every entity in the company to be able to increase the competitiveness and always develop the structure and system of good corporate governance according to the GCG principles based on State Ministry of SOE Regulation Number: PER-9/MBU/2012 dated 6thJuly 2012 on the Amendment on State Ministry of SOE Regulation Number: PER-01/MBU/2011 dated 1stAugust 2011 on GCG Implementation in State Owned Enterprise.
Based on the BOARD OF DIRECTORS Decision No. 006901.K/OT.01/UT/2012 on the Guideline of Good Corporate Governance, the GCG implementation in PGN aims to:

1. Optimize PGN's values in order to have strong competitiveness, both in national and international level, hence it will be able to maintain its existence and live sustainably to achieve the Company's purpose and objective;
2. Drive PGN's management in professional, efficient, and effective manners as well as empower the function and improve the independence of Company Organ;
3. Drive the Company Organ to make decision and take actions upon high moral values and comply with the law and regulation, as well as the awareness on PGN's social responsibility to the Stakeholders and environment conservation at the vicinity of PGN;
4. Improve PGN's contribution in national economy;
5. Improve a conducive climate for national investment development;
6. Improve the Company Image.

## THE STRUCTURE OF GOOD CORPORATE GOVERNANCE

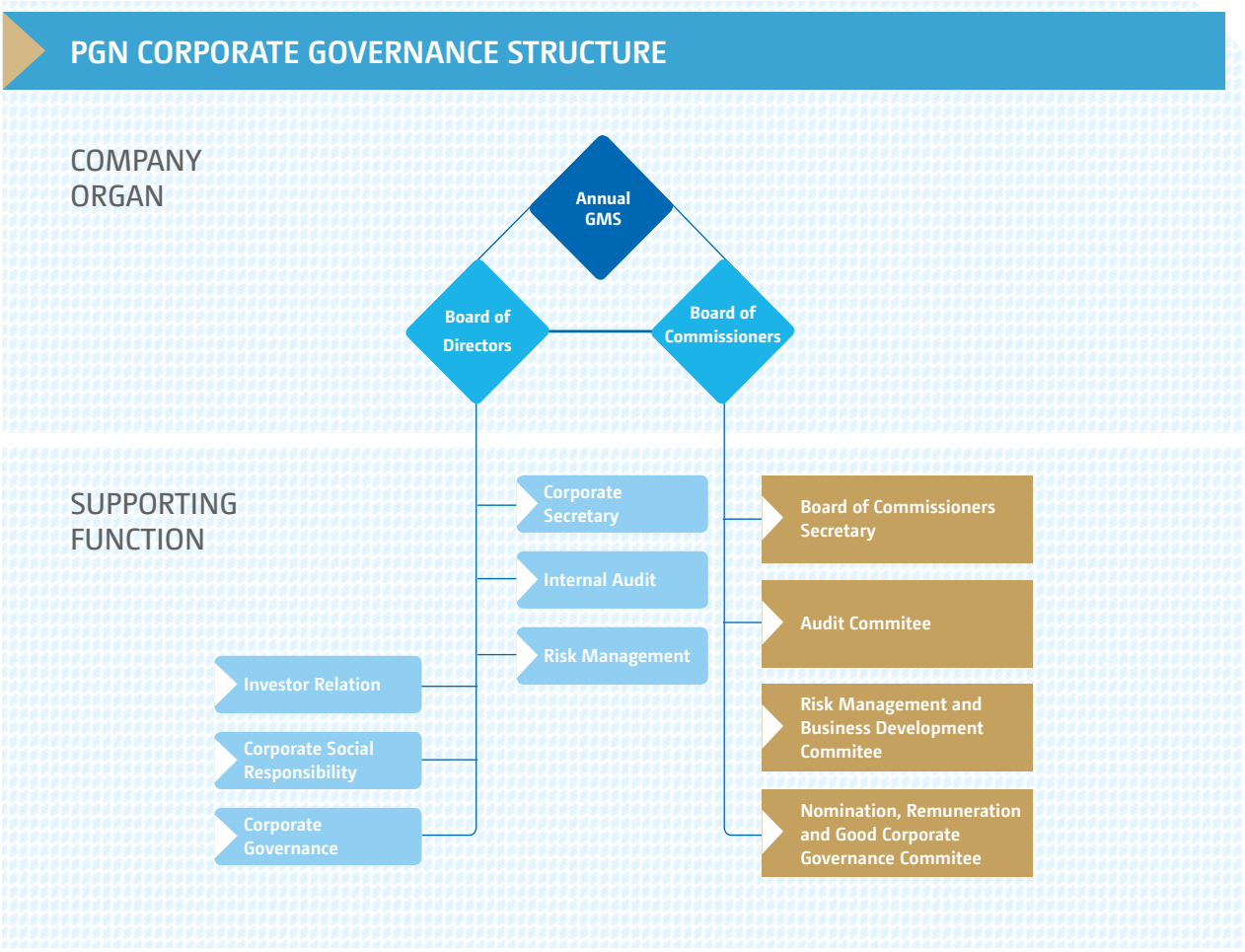
According to Law No. 40 of 2007 on Limited Company, Company Organ consists of

- General Meeting of Shareholders, or abbreviated as GMS or GMS, is a Company Organ that has the authority that is not given to the BOARD OF DIRECTORS or BOARD OF COMMISSIONERS in the limit stipulated in the Limited Company Law Number 40 of and/or Articles of Association
- Board of Commissioners is a Company Organ that is assigned to generally or specifically supervise according to the Articles of Association and advise the BOARD OF DIRECTORS
- BOARD OF DIRECTORS is Company Organ that is authorized and fully responsible on the management of company for the company's interest, according to the purpose and objective of the company, as well as represent a good company both in and out of court according to the stipulations of Articles of Association

The Company Organ plays key roles in the success of GCG implementation. Company Organ runs its function with law stipulation, company's Articles of Association and other stipulations on the foundation of principle that each organ has independence in carrying out its task, function and responsibility for Company's interest.

In running the Company's management and take all decisions, Company Organ always comply with the law and regulations, uphold the value of business ethics and realize the Company's responsibility to the stakeholder.

### PGN CORPORATE GOVERNANCE STRUCTURE



## THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE IN PUBLIC COMPANY

The Implementation of Good Corporate Governance in Public Company is conducted based on the Financial Service Authority Regulation Number 21/POJK.04/2015 on the Implementation of Public Company Corporate Governance which on the 16thNovember 2015 and Financial Service Authority Circular Letter Number 34/SEOJK.04/2015 on the Guideline of Public Company Corporate Governance dated on 17thNovember 2015.
The Guideline of Public Company Corporate Governance covers 5 aspects, 8 principles of good corporate governance and 25 recommendations on the implementation of aspect and good corporate governance principles. The five aspects of public company corporate governance covers:

a. Public company relationship with shareholders in guaranteeing the rights of shareholders;
b. Function and Roles of Board of Commissioners;
c. Function and Roles of Board of Directors
d. Stakeholders' participation; and
e. Information Transparency.

The recommendation of public company corporate governance as mentioned in the Guideline of Public Company Corporate Governance as implemented in PGN is as follows:

| Aspect | Principle | Recommendation | Implementation in PGN |
|---|---|---|---|
| 1. The relationship between Public Company and Shareholders in Guaranteeing the Rights of Shareholders | 1. Improve the value of General Meeting of Shareholders (GMS) implementation | 1. Public Company has a method or technical procedure of voting, both openly or closed that prioritize independence and Shareholders' interest | Technical procedure of voting is regulated in;<br>(1) PGN's Articles of Association Article 24, regulates the stipulation on the total quorum of attendance and decision quorum as well as the mechanism of voting.<br>(2) The Order of 2016 annual GMS shared to all the attending Shareholders. |
| | | 2. All members of Board of Directors and members of Board of Commissioners of Public Company attending the Annual GMS | All members of Board of Directors and Board of Commissioners attending the annual GMS, that is proven by the Attendance List signed by all members of Board of Directors and Board of Commissioners. |
| | | 3. Summary of Minutes of GMS is available in the Public Company's website for minimum 1 (one) year | In 2016, PGN only conducted one GMS that was Annual GMS on the 8th of April 2016. Until the end of December, the summary of minutes of Annual GMS is still available in the PGN's website. |
| | 2. Improve the communication quality of Public Company with Shareholders or Investor | 4. Public Company has a policy on communication with Shareholders / investor | Communication and information delivery from the company to Shareholders/investor is conducted in the form of information transparency based on the Financial Service Authority Regulation Number 31/POJK.04/2015 on the Transparency on Information or Material Facts by the Public Company or media news coverage through Financial Service Authority and Stock Exchange.<br>In addition to that, the delivery of information to the investors is conducted by Investor Relations Division, among others are through programs, i.e. non-deal road show, one on one meeting, Analyst/ Investor conference, or site visit to PGN's assets. |

| Aspect | Principle | Recommendation | Implementation in PGN |
|---|---|---|---|
| | | 5. Public Company discloses the communication between Public Company and Shareholders/ investor in the website | Every quarter, the presentation material for Shareholders and investor is presented in the company's website, in order to implement information equality for all Shareholders |
| 2. Function and Roles of Board of Commissioners | 3. Strengthen the membership and composition of Board of Commissioners | 6. Determine the total members of Board of Commissioners considers the condition of Public Company | Total members of Board of Commissioners have been in accordance with the company's condition. Consisted of 6 members and 2 of them are Independent Commissioners in accordance with the stipulation of the Financial Services Authority / OJK Regulation Number 33/POJK.04/2014. |
| | | 7. Determine the composition of the members of Board of Commissioners considers the variety of expertise, knowledge and experience required | The composition of members of Board of Commissioners has met the aspect of variety of expertise, knowledge and experience required by the Company. |
| | 4. Improve the implementation quality on the task and responsibility of Board of Commissioners | 8. Board of Commissioners has the policy of self-assessment to assess the performance of Board of Commissioners | The performance of the members of Board of Commissioners is assessed using the self-assessment method. The assessment criteria is proposed by Board of Commissioners and approved by the Ministry of SOE and then self-assessed by the Board of Commissioners and then reported to the Ministry of SOE. |
| | | 9. The Self-assessment policy to assess the performance of Board of Commissioners is disclosed through the Annual Report of Public Company | The self-assessment policy is disclosed in this Annual Report in the Board of Commissioners Explanation, Governance Chapter. |
| | | 10. Board of Commissioners has the policy related to the resignation of the members of Board of Commissioners if they are involved in financial crime | The Company's Articles of Association and Board Manual have regulated the resignation of Board of Comissioners members that refers to the SOE and OJK regulations. |
| | | 11. Board of Commissioners or Committee that runs the function of Nomination and Remuneration, drafts the policy of succession in the Nomination process of Board of Directors members | PGN has owned the Committee of Nomination, remuneration, and GCG that drafts the succession policy in the nomination process of Board of Directors members. |
| 3. Function and roles of Board of Directors | 5. Strengthen the membership and composition of Board of Directors | 12. Determine the total members of Board of Directors considers the Public Company condition and the effectiveness in decision-taking | Total members of PGN Board of Directors consist of 6 people, in accordance to the needs by considering the current Company condition. |
| | | 13. Determine the composition of Board of Directors members considers the variety of expertise, knowledge, and experience required. | Each member of Board of Directors has the expertise, knowledge, and experience required by the Company |

| Aspect | Principle | Recommendation | Implementation in PGN |
|---|---|---|---|
| | | 14. Members of Board of Directors that oversee accounting or finance that has the expertise and/or knowledge in accounting | Members of Board of Directors that oversee the function of finance, has the experience and knowledge in finance for more or less 24 years. |
| | 6. Improve the implementation quality of task and roles of the Board of Directors | 15. Board of Directors has self-assessment policy to assess the performance of Board of Directors | Board of Directors has determine the measurement of performance based on the Corporate KPI indicators that are assessed in self-assessment manner, unless for KPKU achievement criteria, customer satisfaction, and GCG implementation were assessed by independen assessor. |
| | | 16. The self-assessment policy to assess the performance of Board of Directors is disclosed through the Annual Report of Public Company. | Board of Directors KPI realization has been published in the 2015 Annual Report on page 155. |
| | | 17. Board of Directors has the policy related to the resignation of the members of Board of Directors if they are involved in financial crime | The Company's Articles of Association and Board Manual have regulated the resignation of Board of Directors members that refers to the SOE and OJK regulations. |
| 4. Stakeholders' participation | 7. Improve the aspect of corporate governance through the stakeholders' participation | 18. Public Company has the policy to prevent insider trading | The Company has the policy to prevent insider trading, that is related to the management and information, both confidential and public. |
| | | 19. Public Company has anti-corruption and anti-fraud policy | The anti-corruption and anti- fraud policy is listed in the code of conduct policy, policy on conflict of interest and gratification control, and goods and services procurement policy, the Company prevents communication between workers and suppliers by organizing the bidding through e-procurement system. |
| | | 20. Public Company has the policy on selection and improvement of supplier and vendor capability | PGN has owned the policy on selection and improvement of supplier and vendor capability. Only supplier registered in the List of Appointed Goods and Services Procurement (DPT) that can join the goods and services procurement organized by the company. |

| Aspect | Principle | Recommendation | Implementation in PGN |
|---|---|---|---|
| | | 21. Public Company has the policy to fulfill the rights of creditor | PGN has the Guideline on Business Ethic and Work Ethics that regulated the rights of creditor, such as the right to obtain information of fund usage according to the bonding agreement and law stipulation. |
| | | 22. Public Company has the policy on whistleblowing system | PGN has owned the Guideline on Whistleblowing with the Decision of Board of Directors No.066303.K/PW.01/UT/2013 dated on 24th December 2013 on the WBS Guideline |
| | | 23. Public Company has the policy of providing long term incentive to the Board of Directors and Employees | PGN provides long term incentive to Board of Directors in the form of official housing allowance, and car installment for certain level workers, are included in the Annual GMS agenda, while incentive for employees is regulated in the PKB and Board of Directors Decree |
| 5. Information Transparency | 8. Improve the Information Transparency implementation | 24. The usage of Public Company technology leverages information in a wider manner than only website as the media of information transparency | In addition to using the website, PGN also uses information technology that is integrated with the Stock Exchange and OJK in conducting the information transparency. |
| | | 25. Annual Report of Public Company discloses the end-benefit owner in the Public Company share-ownership at least 5%, in addition to the disclosure of end-benefit owner in Public Company Share-ownership through the Main Shareholders and controller | The Company's 2015 annual Report has mentioned the Share ownership that reaches 5% or more. |

In 2016, based on the GCG Assessment result by Citra Solusi Manajemen, PGN has implemented the GCG according to the parameter developed by the Ministry of SOE according to the Decision of Secretary of Minister of SOE Number: SK-16/S.MBU/2012 dated on 6th June 2012 on Assessment and Evaluation Indicator/Parameter on the Good Corporate Governance implementation in State Owned Enterprise.

**GOOD PRACTICE OF 2016 GOOD CORPORATE GOVERNANCE ASSESSMENT RESULT**

| Aspect of Assessment | Maximum Score | Achieved Score | % Achievement | Good Practice that has been conducted by PT PGN (Pty.Ltd.) Tbk |
|---|---|---|---|---|
| Commitment to the Governance Implementation sustainably | 7 | 6,772 | 96,74 % | The Company has GCG Code and Code of Conduct that have been reviewed and updated regularly. |
| | | | | The Company conducts the GCG Code and Code of Conduct consistently. |
| | | | | The Company coordinates the management and administration on the State Organization Wealth Report (LHKPN) |
| | | | | The Company conducts gratification control program according to the applicable stipulation |
| | | | | The Company conducts the policy on the system of whistleblowing system reporting |
| Shareholders and GMS / Capital Owner | 9 | 8,827 | 98,08 % | Shareholders/ GMS has appointed and discharged the Board of Directors including the setting the Board of Directors member composition according to the stipulation referring to the guideline that have been stipulated |
| | | | | Shareholders/GMS has appointed and discharged Board of Commissioners including the setting the Board of Commissioners member composition according to the stipulation referring to the guideline that have been stipulated |
| | | | | Shareholders/GMS has provided the required decision to maintain the company business interest in long term and short term according to the law and regulation and Articles of Association of the Company. |
| | | | | GMS has provided approval, annual report, including ratification, financial statement, and supervision task of the Board of Commissioners according to law and regulations and/or Articles of Association. |
| | | | | GMS is taking decision through an open and fair as well as accountable process |
| | | | | Shareholders has conducted good corporate governance (GCG) according to the authority and responsibility |
| Board of Commissioners/ Board of Supervision | 35 | 31,994 | 91,41 % | Board of Commissioners has joined the introduction program and conducts sustainable training/development program |
| | | | | Board of Commissioners has conducted clear task, authority, and responsibility division and set the required factors to support the task implementation. |

| Aspect of Assessment | Maximum Score | Achieved Score | % Achievement | Good Practice that has been conducted by PT PGN (Pty.Ltd.) Tbk |
|---|---|---|---|---|
| | | | | Board of Commissioners has provided approval and ratification on the RJPP plan and RKAP delivered by the Board of Directors |
| | | | | Board of Commissioners has provided direction towards Board of Directors on the implementation of plan and company policy |
| | | | | Board of Commissioners has implemented the supervision towards Board of Directors on the implementation of plan and company policy |
| | | | | Board of Commissioners supervises the subsidiary management |
| | | | | Board of Commissioners participates in the nomination of Board of Directors members, assess the performance of Board of Directors and propose the royalty/incentive of performance according to the applicable stipulation and considers the Board of Directors performance |
| | | | | Board of Commissioners takes action on the potential conflict of interest that relates itself. |
| | | | | Board of Commissioners has monitored and ensured that the good corporate governance has been effectively and sustainably implemented |
| | | | | Board of Commissioners organizes the Board of Commissioners meeting that is effective and attend the Board of Commissioners meeting according to the law and regulations |
| | | | | Board of Commissioners has Secretary of Board of Commissioners to support the secretarial work of Board of Commissioners |
| | | | | Board of Commissioners has Committee of Board of Commissioners that is effective and formed in order to support the implementation of Board of Commissioners task. |
| Board of Directors | 35 | 32,861 | 93,89 % | Board of Directors has joined the introduction program and implement sustainable training/development program |
| | | | | Board of Directors conducts clear task/function, authority, and responsibility division |
| | | | | Board of Directors drafts company plan |
| | | | | Board of Directors participates in the fulfillment of company performance target |
| | | | | Board of Directors has conducted operational and finance control towards the implementation of plan and company policy |
| | | | | Board of Directors implements the company management according to the applicable law and regulations as well as Company Articles of Association |
| | | | | Board of Directors has conducted an added-value relationship for the company and stakeholders |

| Aspect of Assessment | Maximum Score | Achieved Score | % Achievement | Good Practice that has been conducted by PT PGN (Pty.Ltd.) Tbk |
|---|---|---|---|---|
| | | | | Board of Directors monitors and manages the potential conflict of interest of Board of Directors members and management under the Board of Directors |
| | | | | Board of Directors ensures that the Company conducts information transparency and communication according to the applicable law and regulations and deliver information to the Board of Commissioners and Shareholders |
| | | | | Board of Directors organizes Board of Directors meeting and attends Board of Commissioners meeting according to the stipulation and law |
| | | | | Board of Directors organizes qualified and effective internal supervision |
| | | | | Board of Directors organizes the qualified and effective function of Corporate Secretary |
| | | | | Board of Directors organizes GMS according to the law and regulations |
| Information Disclosure and Transparency | 9 | 8,484 | 94,27 % | The Company has provided company information to the stakeholders |
| | | | | The Company has provided stakeholders with access to company information that is relevant, sufficient and reliable in timely and periodic manner |
| | | | | The Company has disclose key information in the annual Report and Financial Statement according to the law and regulations |
| | | | | The Company has received various awards in publications and information transparency |
| Other Aspect | 5 | 5,000 | 100 % | The Company has become a benchmark for other companies |
| | | | | The Company obtained various awards, such as:<br>• Best of CEO Commitment on Human Capital Development to Hendi Prio Santoso from Indonesia Human Capital Study (IHCS)<br>• Best Sustainability Report 2015 SRA 2016 for Category of Best Overall from The National Center For Sustainability Reporting (NCSR)<br>• Winner of Best Sustainability Report 2015 for Category of Energy SRA 2016 awarded by The National Center For Sustainability Reporting (NCSR)<br>• Best GCG with predicate Very Good (A) for energy to the Indonesian Good Corporate Governance Award II 2016 from Economic Review<br>• Indonesia Most Admired CEO Award 2016 for the category of Oil and Gas to Hendi Prio Santoso awarded by Warta Ekonomi<br>• Winner of Sustainable Finance Award for the category of Stock Exchange awarded by Financial Service Authority (OJK) |
| Overall Score | 100 | 93,938 | 93,94 % | |
| Ranking on GCG Implementation Quality | | | | Very Good |

## ASSESSMENT RESULT ON GOOD CORPORATE GOVERNANCE

The assessment towards GCG is conducted by the Company in 2016 started on 21st of September 2016 until 19th November 2016 byPT Citra Solusi Manajemen. The parameter used in the assessment is in accordance to the Decision of Secretary of Minister of SOE Number: SK-16/S.MBU/2012 dated on 6thJune 2012 on the Assessment and Evaluation Indicator/ Parameter on the Good Corporate Governance Implementation in State Owned Enterprise.

The assessment towards Good Corporate Governance assessed 6 (six) aspects, i.e.:
1. Commitment to Sustainable Good Corporate Governance Implementation;
2. Shareholders and GMS/ Capital Owner;
3. Board of Commissioners/ Board of Supervision;
4. Board of Directors;
5. Information Disclosure and Transparency;
6. Other Aspects.

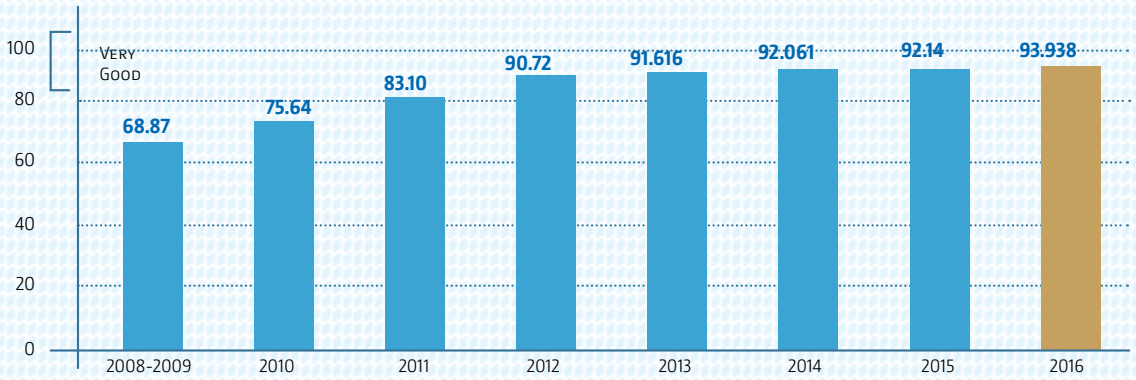
GCG assessment is initiated with filling questionnaire on the GCG, filled by all members of Board of Directors and Board of Commissioners, and then continued by reviewing the document in Corporate Secretary and Secretary of Board of Commissioners based on parameter requested in SK-16/S.MBU/2012. The assessment stages are finalized with the interview by independent assessor to the members of Board of Commissioners and Board of Directors of PGN.

GCG implementation is actualized continuously by the Corporate by implementing evaluation on GCG implementation in the Company, for 2016 with achieved score of 93.938 or predicated as VERY GOOD and increased from the prior year, which were 92.14. Assessment result details are as follow:

### 2012-2016 GCG ASSESSMENT RESULT

| No. | Aspect on GCG Implementation Aspect (New Parameter) | Weightage | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Achieved Score | Level of Fulfilment (%) | Achieved Score | Level of Fulfilment (%) | Achieved Score | Level of Fulfilment (%) | Achieved Score | Level of Fulfilment (%) | Achieved Score | Level of Fulfilment (%) |
| 1. | Commitment on the Sustainable Corporate Governance Implementation | 7 | 6,772 | 96,74 | 6.679 | 95,42 | 6,826 | 97,52 | 5,566 | 79,51 | 5,544 | 79.20% |
| 2. | Shareholders and GMS | 9 | 8,827 | 98,08 | 8.462 | 94,02 | 8,561 | 95,12 | 8,518 | 94,64 | 8,468 | 94.09 |
| 3. | Board of Commissioners | 35 | 31,994 | 91,41 | 31.902 | 91,15 | 30,187 | 86,25 | 31,364 | 89,61 | 29,858 | 85.31 |
| 4. | Board of Directors | 35 | 32,861 | 93,89 | 31.798 | 90,85 | 32,906 | 94,02 | 32,628 | 93,22 | 33,289 | 95.11 |
| 5. | Information Disclosure and Transparency | 9 | 8,484 | 94,27 | 8.477 | 94,19 | 8,581 | 95,35% | 8,540 | 94,89 | 8,561 | 95.12 |
| 6. | Other Aspect | 5 | 5,000 | 100 | 4.821 | 96,00 | 5,000 | 100 | 5,000 | 100 | 5,000 | 100 |
| | Total | 100 | 93,938 | 93,94 | 92.140 | 92,14 | 92,061 | 92,06 | 91,616 | 91,62 | 90,720 | 90.72 |

## 2012-2016 GCG ASSESSMENT RESULT




### ACHIEVEMENT AND RANKING

| Level | Achievement | Ranking |
|---|---|---|
| 1 | 85 < ≤ 100 | **Very Good** |
| 2 | 75 < ≤ 85 | Good |
| 3 | 60 < ≤ 75 | Fairly Good |
| 4 | 50 < ≤ 60 | Unsatisfactory |
| 5 | ≤ 50 | Poor |

## RECOMMENDATION ON ASSESSMENT RESULT & RATIONALE FOR NON IMPLEMENTATION

Based on the 2016 GCG assessment result, the assessment result recommendation of respective criteria are as follow:

| No | GCG assessment aspect | Recommendation of Assessment | Rationale For Non Implementation |
|---|---|---|---|
| 1 | Commitment on Sustainable Governance Implementation | 1. GCG implementation evaluation in form of program to describe the follow up of GCG assessment result had not yet included in 2015 Annual Report | This assessment was held in the end of 2016 that cannot be applied on that year. Currently it has been included in 2016 Annual Report. |
| | | 2. The Company has not yet organize dissemination program on Gratification Control to the stakeholders. | This assessment was held in the end of 2016 that cannot be applied on that year. Will be applied in 2017 |
| 2 | Shareholders and GMS | 1. In GMS decision in relation to the termination of members of Board of Directors and Board of Commissioners is not fully describing the reason of resignation. | This assessment was held in the end of 2016 that cannot be applied on that year. Will be applied in 2017 |
| 3 | Board of Commissioners | 1. Stipulation on time standard of the level of immediacy to communicate the decision taken by Board of Commissioners to Board of Directors is not yet fully regulated. | This assessment was held in the end of 2016 that cannot be applied on that year. Will be applied in 2017. |
| | | 2. The Board Manual has not yet regulated the task and responsibilities of Board of Commissioners to drafts the Board of Commissioners annual work plan and measure as well as assess the Board of Commissioners performance (self assessment). | GCG assessment had been finished before Board Manual approval in 2016. |

| No | GCG assessment aspect | Recommendation of Assessment | Rationale For Non Implementation |
|---|---|---|---|
| | | 3. The Board Manual has not yet regulated the stipulation on task and responsibility of Board of Commissioners to supervise several policies and its implementations, such as, IT system policy, HR management policy, accounting policy and financial statement drafting, procurement policy, quality and service policy, subsidiary/joint ventured subsidiary management policy as well as Board of Directors compliance in imposing the applicable law and regulations and agreement with third party. | GCG assessment had been finished before Board Manual approval in 2016. |
| | | 4. The Board Manual has not yet regulated the policy and criteria of selection for candidate members of Board of Directors to Shareholders and proposal of remuneration for members of Board of Directors. | GCG assessment had been finished before Board Manual approval in 2016. |
| | | 5. Stipulation on guideline/order of Board of Commissioners meeting available in the Board Manual is not yet fully regulates the ethics of meeting and follow up evaluation of the previous meeting. | GCG assessment had been finished before Board Manual approval in 2016. |
| | | 6. Committee of Nomination, Remuneration and GCG has not owned a charter of committee and has not yet drafts the annual work plan of the committee that functions as guideline for the Committee of Nomination, Remuneration and GCG in running its task and responsiblity. | This assessment was held in the end of 2016 that cannot be applied on that year. |
| 4 | Board of Directors | 1. Stipulation on the level of immediacy to communicate the Board of Directors decision to the organization level below Board of Directorsis not yet regulated. | This assessment was held in the end of 2016 that cannot be applied on that year.<br>Will be applied in 2017. |
| | | 2. The policy on the arrangement of holding company and subsidiary (subsidiary governance) has not yet ratified and not yet included several other stipulations, such as: the appointment mechanism of Board of Commissioners and Board of Directors of Subsidiary, stipulation on performance target and performance assessment system of Subsidiary as well as salary/honorarium, allowance and facility for Subsidiary's Board of Commissioners and Board of Directors | Policy in regard to holding and its subsidiaries arrangement had been ratified by Board of Director's Decree in December 1, 2016. |
| | | 3. Policy related to relations with creditor has not yet fully provided further explanation on liability fulfilment to the creditor according to the agreement, company warranty to conduct or to not conduct anything to protect the interest of creditor, and the existence of company warranty as guarantor (avalist). | Will be implemented in 2017. |
| | | 4. There is a decrease on employee satisfaction survey result compared to the prior year. | PGN's HCM has been actively conduct various improvement program for employee in 2017. |
| | | 5. There is a dispute on bad credit related to the PKBL program implementation that affects the rate of loan fund return collectablity. | In 2017, monitoring and connection will be perform regularly in order to improve collectibility rate from PGN funding. |
| | | 6. Delivery of performance report to Shareholders has not yet fully in accordance with the stipulations. | Performance report delivery to our shareholder accordance to policy will be implemented in 2017. |
| | | 7. Stipulation on guideline/order of Board of Directors meeting in Board Manual has not yet fully regulated the ethics of meeting and evaluation of the previous meeting result follow up. | GCG assessment had been finished before Board Manual approval in 2016. |
| | | 8. Total auditor work force in the existing Internal Audit Division has not yet fully in accordance with the current work load and the Company needs. | In November 2016, one additional auditor joined Internal Audit Division. |

| No | GCG assessment aspect | Recommendation of Assessment | Rationale For Non Implementation |
|---|---|---|---|
| | | 9. The Head of Internal Audit Division has not yet fully obtained the audit profession audit. | Will be done in 2017. |
| | | 10. The minutes of Board of Directors meeting has not yet fully included the meeting dynamics to describe the meeting proceeding. | Will be improved in 2017. |
| 5 | Information Disclosure and Transparency | 1. The Draft of Company Information Management Policy still has not yet ratified. | Information transparency in the Annual Report will be adjusted according to the ARA criteria. |
| | | 2. The Company has not owned the policy on management and update of Company website. | |
| | | 3. 2015 Annual Report has not yet been awarded as the Winner of Annual Report Award (ARA). | |
| 6 | Other Aspect | No recommendation | - |

## STRENGTHENING THE IMPLEMENTATION OF GCG IN PGN

In regards to strengthen GCG implementation in PGN throughout 2016, the Company's achieved program covers:

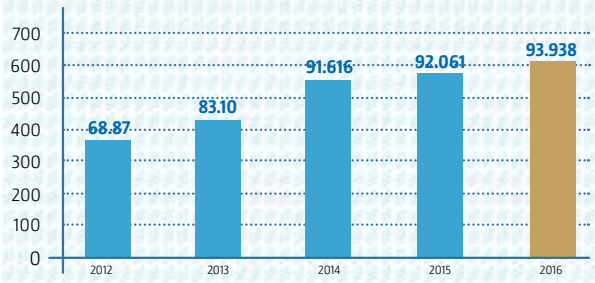
1. Socialization and Internalization
   PGN socialize and internalize the Guideline on Good Corporate Governance to all PGN workers as the foundation of the GCG principles implementation in the company activities. This communication and socialization process aims to define existing understanding the GCG guideline in PGN. The list of socialization and internalization of GCG implementation in the Company that has been implemented in 2016 are:

| No | Date | Agenda |
|---|---|---|
| 1 | 24 May – 25 May 2016 | Good Corporate Governance training |
| 2 | 30th November 2016 | GCG Socialization and ISO 9001: 2015 Upgrading, to achieve the management of GCG Risk Management and ISO 9001:2015 Quality Management System Upgrading |

2. Whistleblowing System Management
   Whistleblowing system management and evaluation has been conducted internally, starting from the whistleblowing system organ, breaching reporting management and protection towards the reporter.

3. KPKU Measurement
   In order to increase the company performance, since 2012 the company changes the implementation of excellent performance criteria from Balance Scorecard transferred to be KPKU adopted from Malcolm Baldridge. The implementation is based on the Letter of Ministry of SOE No. S-08/S.MBU/2013 dated 16th January 2013 about the Delivery of Guideline on Determining KPI and Excellent Performance Assessment on SOE. Based on the KPKU 2016 assessment result, the Company achieved 621or at the level of Emerging Industry Leader.

**KPKU Assessment Result 2012-2016**




*) 2016 achievement, until the time the annual report is issued it is still in the stage of assessment

4. ISO and OHS Management System Certification Implementation

One of the certificates obtained is the Occupational Health and Safety Management System (OHSMS) according to PP No.50 of 2012 on OHSMS. In addition to national certificate, PGN's OHS Management System has also been implemented following the 18001:2007 OHSAS international standards which certificate is issued by PT Lloyd Register Indonesia. PGN has also obtained the 14001:2004 ISO certificates in all Operation Area as the realization of SML in the Company and compliance towards Government policy. In addition to that, to assure customer satisfaction, PGN has implement ISO 9001:2008 that is the international standard for quality management. Throughout 2016, PGN activities that are related to ISO 9001 implementation are as follow:

| NO | ACTIVITY | DESCRIPTION |
|---|---|---|
| 1 | Surveillance Audit /Supervision Audit of ISO 9001:2008 (Certification Period 2015-2018)<br>• The 1st and 2nd Supervision Audit has been conducted on 18-22 January 2016.<br>• The 3rd and 4th Supervision Audit has been implemented on the 16-20 January 2017.<br>PGN has been succeeded to obtain recommendation in order to extend the ISO 9001:2008 certification. | Surveillance Audit is an examination activity conducted by Certification Body Lloyd's Register Quality Assurance (LRQA) Indonesia to see the effectiveness of Quality Management System in PT PGN (Pty.Ltd.) Tbk. |
| 2 | Internal Quality Audit<br>• 2016 AMI has been conducted on25 July – 23 August 2016 with total Auditee of 23 Units/Work Units)<br>• The Audit result has no records that are Major or Minor NC, only in form of observation (RC, Required Correction) and suggestion (SFI, Scope For Improvement)<br>• Based on AMI result, it shows that the implementation of Operational activity still runs according to the stipulated Work Reference Document/DAK (company regulation). However, in regards to the Transformation program, then the existing DAK is in adjustment process mainly DAK related to core process. | Internal Quality Audit is examination activity implemented by certified Internal Auditor to see the effectiveness of Quality Management System implementation. |
| 3 | Conduct upgrading to ISO 9001:2015. | Upgrade is compulsory in the 3 years transition period since 15th September 2015 until 15th September 2018 |
| 4 | Implement Transformation Program | This activity is part of the change management in regards to make PGN as Strategic Holding and has the capability to support PGN vision and mission. |
| 5 | Awareness ISO 9001:2015 training on May 30-June 2, 2016 | Internalization of awareness ISO 9001:2015 training on May 30-June 2, 2016. |

5. GCG Implementation Measurement
   Based on the parameter stipulated by Ministry of SOE and assessment conducted by Independent party, the achievement on PGN score in 2016 is 93,938 or predicated as VERY GOOD and increased from the previous that is 92,14.

6. Gratification Control
   As a commitment to Good Corporate Governance principles implementation, PT Perusahaan Gas Negara (Pty.Ltd.) Tbk stipulated the Conflict of Interest Policy and Gratification Control of PT PGN (Pty.Ltd) Tbk.Board of Directors Number 018401.K/OT.03/UT/2014 dated 1st of October 2014, as a foundation of the gratification control implementation to drive the implementation of business ethics and work ethics, avoiding conflict of interest and avoiding fraud.

   The gratification control implementation in company environment is conducted by Gratification Unit (UPG) which is an ad hoc team under Internal Audit Division.

   UPG has task and authority to socialize on the gratification stipulation, conduct anti-gratification campaign, receive, process, and confirm the gratification report, and report the gratification control report to Board of Directorsand Corruption Eradication Commission (KPK). In implementing its task, UPG can also coordinate and request assistance from KPK.

   Throughout 2016, there is 1 (one) gratification report in the Company which then reported to KPK, in which there was a decrease on total report compared to the previous year. This is an indicator of awareness increase on business ethics and work ethics that often socialized to the company's internal and external parties, in order to avoid gratification in the company environment.

7. The Signing of Integrity Pact for all goods/services provider andgoods/services procurement services function.
   Company goods and services procurement, regulated in the Goods/services procurement guideline No. 010300.K/LG.01/PDO/2016 dated 1stAugust 2016 which replaced the Goods/services Procurement Guideline based on the Decision on PGN Board of Directors No. 003300.K/LG.01/UT/2014 dated on 7th March 2014 to accommodate the amendment of PGN structure of organization that can support the implementation of goods/services procurement in fast, efficient, and effective manner. As a form of Company's commitment in good corporate governance implementation, then all goods/services providers and goods/services procurement services functionis imposed to sign the Integrity Pact that contains commitment to:
   - Implement goods/services procurement based on the principles of good will, with high austerity, and in the condition of free, independent, and not under pressure, and influence form other party(independency);
   - Takes decision with cautiousness (duty of care and loyalty)
   - Not taking decision for private interest or affiliated party, hence no potential conflict of interest (conflict of interest rule);
   - Conduct procurement process with sufficient understanding on various regulation and other relevant normative obligation, and meet all the stipualtion and regulation, including considering thebest practice that is deemed necessary, important, and critical in this procurement process (duty abiding the laws).

# GENERAL MEETING OF SHAREHOLDERS (GMS)

General Meeting of Shareholders (GMS) is the highest Company Organ and holds the authority that is not given to the Board of Directors or Board of Commissioners, in the limitation set in the law and regulations or Articles of Association. As a public limited Company, the GMS is a communication forum between Board of Directors and Board of Commissioners with the Company shareholders. According to Law Number 40 of 2007 on Limited Company, consists of annual GMS, organized once in one year, and Extraordinary GMS, that can be conducted at any time upon a request of one of the Company Organs.

## SHAREHOLDERS COMPOSITION

GMS that consists of Company Shareholders is divided in 2 (two) share classifications, which are:

1. Dwiwarna A-Series Share; owned by the State of Republic of Indonesia, represented by the Government c.q Minister of State Owned Enterprise (SOE) of one sheet of share or at the value of Rp.100,-;
2. B–Series Share, owned by:
   a. Owned by the State of Republic of Indonesia, represented by the Government c.q Minister of State Owned Enterprise (SOE) of 13.809.038.755 sheets of shares or at the value of Rp.1.380.903.875.500,-
   b. The public of 10.432.469.440 or at the value of Rp.1.043.246.944.000,-

Detail information on the Shareholders composition can be seen in the Company Profile chapter of this Annual Report.

## SHAREHOLDERS RIGHTS

In general, the Shareholders have rights as follow:

1. Right to obtain dividend shared by the Company from the profit set to be shared as dividend in the Annual GMS.
2. Right to maintain total relative share owned through the purchase of new shares published by the Company (or defined as preemptive right).
3. Right to request accountability of the Board of Commissioners and Board of Directors related to the Company management
4. Right to appoint and discharge Board of Directors and Board of Commissioners
5. Right to amend Articles of Association.
6. Right to approve the issuance equity effect or additional Subscribed and Paid Up Capital.
7. Right to approve transaction with conflict of interest and material transaction
8. Right to approve the combination, consolidation, acquisition, separation of Company and dismissal of Company.
9. Other rights are in accordance to the Company's Articles of Association and law and regulations.

Dwiwarna A-Series Share (golden share) provides privilege right to the holders that is not owned by B-Series Shareholders, and can cast a veto during the voting in GMS to call on a decision. The privilege right of Dwiwarna A-Series Shareholders is as follows:

1. Right to nominate Board of Directors and Board of Commissioners,
2. Right to attend and approve the appointment and termination of Board of Commissioners and Board of Directors,
3. Right to amend Articles of Association, including changing the capital,
4. Right to dismiss and liquidate,
5. Right to combine, consolidate and acquire the company.

### INFORMATION ACCESS TO SHAREHOLDERS

The information access to Shareholders by the Company is conducted in timely and accurate manner on all material information and information related to company management. The information access is conducted through:

1. Information transparency on the information or material fact. This mechanism of information transparency is conducted based on the Financial Service Authority regulation Number 31/POJK.04/2015 on Transparency on Information air Material Fact by Public Company.
2. Information access to Stock Exchange and OJK on the news on mass media about the Company.
3. Information provided through Investor Relation Division.
4. Information through company website, or
5. Information obtained by Shareholders and investor as well as candidate investor in non-deal road show events, meeting with analyst and etc.

Detail of information on the Shareholders composition can be seen on Information Access to Shareholders in this Chapter.

## 2016 ANNUAL GMS IMPLEMENTATION

Throughout 2016, PGN has only conducted one GMS, which was the Annual GMS that was organized on 8th of April 2016, located in Grand Hyatt Hotel – Jakarta. The GMS implementation was conducted in accordance to the Law No. 40 of 2007 on Limited Company and Financial Service Authority (OJK) Regulation No. 32/POJK.04/2014 on Planning and Organizing General Meeting of Shareholders for Public Company.

The GMS implementation processes are as follow:

**NOTIFICATION ON ANNUAL GMS PLAN TO OJK**

The Notification for Annual GMS plan is delivered to OJK through Letter Number 00100.S/OT.02.00/PD0/2016 dated on 23rd February 2016

**ANNOUNCEMENT OF ANNUAL GMS**

- Annual GMS announcement is conducted on 2nd March 2016;
- The announcement was delivered through 2 national newspapers, which are Bisnis Indonesia and Investor Daily, and through Indonesia Stock Exchange website, OJK website as well as Company website. Annual GMS Announcement through the Company website was conducted in two languages, Indonesian and English, in accordance to the OJK regulation Number 8/POJK.04/2015 on Public Company Website;
- The proof of announcement of Annual GMS advertisement was delivered to OJK through Letter Number 005900.S/OT.02.00/COS/2016 dated 2nd March 2016;
- According to Article 12 paragraph 2 OJK Regulation Number 32/POJK.04/2014 on Planning and Organizing the General Meeting of Shareholders, Shareholders that has at minimum 1/20 or more of total shares with vote right issued by the Company can propose additional agenda to decide in the Annual GMS at the latest 10th of March 2016;
- Until 10th of March 2016, there was no Shareholders delivering proposal or amendment on the Annual GMS agenda to the Company.

## ANNUAL GMS INVITATION

- The invitation for Annual GMS was conducted on the 17th March 2016;
- The invitation is delivered through 2 national newspapers, which are Bisnis Indonesia and Investor Daily, and through the Indonesia Stock Exchange website, OJK website, and Company website; Annual GMS invitation through the Company website was conducted using two languages, Indonesian and English, in accordance to to the OJK Regulation Number 8/POJK.04/2015 on Public COmpnay Website;
- The proof of invitation for Annual GMS advertisement to OJK through Letter Number 008800.S/OT.02.00/OOS/2016 dated 17th March 2016;
- Invitation to attend the Annual GMS was delivered to the Shareholders whose names are registered in the List of Shareholders on 16thMarch 2016 at 16.00 local time;
- Since the invitation date of the Annual GMS, the Company has provided the meeting agenda material to be taken by the Shareholders at Company Office located at The Manhattan Square, Mid Tower, 26th floor, Jl. TB Simatupang Kav 1S, South Jakarta 12540, phone number +6221 80641111 ext. 7741 or 7784, during Company office hours.

## ANNUAL GMS

- Annual GMS was conducted on the 8th of April 2016;
- The GMS was held at the Grand Ballroom of Grand Hyatt Hotel, Jl. M.H. Thamrin Kav. 28-30, Central Jakarta;
- The Stock Exchange Supporting Profession who are present at the Annual GMS are Purwantono, Sungkoro & Surja (a member of Ernst & Young Global Limited) as Public Accountant Office, Hadiputranto, Hadinoto & Partners as Legal Consultant, PT Datindo Entrycom as the Bureau of Stock Exchange Administration. The Drafting of GMS Minutes of Meeting was conducted by Fathiah Helmi S.H. as Notary;
- The meeting was led by the Company's President Commissioner and also as the Independent Commissioner appointed by Board of Commissioners based on the Letter of Appointment Number 18/D-KOM/2016 dated 24thMarch 2016;
- The meeting was attended by 20.544.568.796 shares, including A-Series Dwiwarna Shareholders, that have legal voting right, or equal to with 84,756% of all total shares with legal voting right issued by the Company;
- To ease the Shareholders to identification the meeting mechanism, the Company has provided pocket book that contains the Order of Meeting, shared to every Shareholders before entering the meeting room;
- Shareholders are given the opportunity to ask question in accordance to the Meeting agenda in every agenda discussed in the annual GMS;
- Voting was conducted verbally whereas Shareholders that vote to disagree or abstain were requested to submit their vote card. For meeting agenda that is related to particular person, the voting is conducted with unsigned closed letter and all attended Shareholders submitted the voting card;
- Notary took note on the total "Disagree" and "Blank" votes, and then calculate overall total votes. The "Blank" votes were considered as the same vote as majority. Notary announced to the attended Shareholders, total "Agree" and "Disagree" votes for the particular meeting agenda.

## ANNUAL GMS RESULT ANNOUNCEMENT

- Annual GMS resolution was announced conducted on 12thApril 2016;
- Annual GMS result announcement was delivered through 2 national newspapers which are Bisnis Indonesia and Investor Daily, and through the Bursa Efek Indonesia website, OJK website and Company website; Annual GMS resolution through Company website was conducted using 2 languages, Indonesian and English, in accordance to the OJK Regulation Number 8/POJK.04/2015 on Public Company Website;
- The proof of Annual GMS resolution advertisement was delivered to OJK through letter number 014400.S/HM.00.01/COS/2016 dated on 12thApril 2016.

## DELIVERY OF ANNUAL GMS MINUTES OF MEETING TO OJK

- The Annual GMS Minutes of Meeting is stated in the Deed of Company Annual General Meeting of Shareholders Minutes of Meeting of PT Perusahaan Gas Negara, Tbk Number 33 dated 8thApril 2016 that was drafted by Fathiah Helmi, SH., Notary in Jakarta;
- Copy of Deed of Annual GMS Minutes of Meeting was delivered to OJK with Letter of Company Number 017100.S/OT.02.00/COS/2016 dated 4th May 2016.

## GMS DECISION RESULT ON 8TH APRIL 2016 AND ITS REALIZATION

| Annual GMS Result | Decision Taking | Realization of Decision and Rationale |
|---|---|---|
| **First Agenda:**<br>Approval for the Annual Report of the Company for 2015 and the Report of the Partnership and Community Development Program for 2015 as well as the Supervisory Report of Board of Commissioners for 2015. | | |
| Approved the Annual Report of the Company for 2015 and the Report of the Partnership and Community Development Program for 2015 as well as Supervisory Report of Board of Commissioners for 2015. | Decision Quorum:<br>Decision is approved by more than 1/2 (half) portion of total shares with vote right attending the GMS.<br><br>Decision Result<br>**Agree**<br>20.836.861.387 votes or 99,9076200%<br><br>**Abstain**<br>19.266.900 votes or 0,0923800%<br><br>**Disagree**<br>0 vote | No further action is necessary with regards to this agenda. |
| **Second Agenda:**<br>Ratification of the Annual Financial Statements of the Company for 2015, including the Financial Statements of the Partnership and Community Development Program for 2015, 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 2015. | | |
| 1. Ratified The consolidated Financial Statements of the Company for ended in December 31st 2015, which had been audited by the Public Accountant Purwantono, Sungkoro and Surja (Ernst & Young), pursuant to the report number RPC-409/PSS/2016 dated on March 11th, 2016, with opinion as follows: **"The consolidated financial statements are presented fairly, in all material respects, the consolidated financial position of PT Perusahaan Gas Negara (Persero) Tbk and its subsidiaries date December 31st, 2015, as well as financial performance and its consolidated cash flows in accordance with Accounting Standards Finance in Indonesia"**<br><br>2. Ratified the Financial Statements of the Partnership and Community Development Program of the Company for Financial Year ended in December 31st, 2015, which had been audited by the Public Accountant Purwantono, Sungkoro, and Surja (Ernst & Young), pursuant to the report number RPC-415/PSS/2016 dated March 8th, 2016, which present fairly in all material respects: **"Fairly, in all material respects, the financial position of the Partnership and Community Development Program of PT Perusahaan Gas Negara (Persero) Tbk dated December 31st, 2015, as well as activities and cash flows in accordance with the standards of the Financial Accounting Entities Without Public Accountability"**<br><br>3. Granted a full release and discharge (*volledig acquit et de charge*) to all the members of the Board of Directors for the management actions for the Company and to the Board of Commissioners for their supervisory actions to the Company, as well as their management and supervisory actions of the Partnership and Community Development Program, provided that the aforementioned management and supervisory actions are not considered as criminal act or a breach of any prevailing regulations and legal procedures, and it was stated in the Annual Report and Financial Report of the Company for Financial Year 2015 as well as the Financial Statements of the Partnership and Community Development Program of the Company for Financial Year 2015.<br>4. Approved and authorized the restatement of the Financial Report for Financial Year 2014, which had been audited by Purwantono, Sungkoro & Surja (a member of Ernst & Young Global). | Decision Quorum<br>Decision is approved by more than 1/2 (half) portion of total shares with vote right attending the GMS.<br><br>Decision Result<br>**Agree:**<br>20.835.754.387 votes or 99,9023122%<br><br>**Abstain:**<br>20.373.900 votes or 0,0976878%<br><br>**Disagree:**<br>0 vote | No further action is necessary with regards to this agenda. |

| Annual GMS Result | Decision Taking | Realization of Decision and Rationale |
|---|---|---|
| **Third Agenda:**<br>Approval for the use of the Company's net profit, including the distribution of dividend for 2015. | | |
| 1. Approved the use of Profit for the Year Attributable to Owner of the Parent Entity for the financial year 2015 in the amount of USD 401,199,880 to be utilized as follows:<br>a. Rp 2.213.734.528,459 of the profit for the year or Rp91,32 per share, will be distributed in cash as dividend to the shareholder;<br>b. Rp80.562.941.903 or 1,5% of net profit of the year which ended on December 31st, 2015 in which the funds from the expense of the company to be used as a Community Development Program funds and the remaining balance of funds PKBL of a series of previous year;<br>c. The remaining will be recorded as Retained Earning to support the Company's operation and development activities.<br>2. Granted the authority and power to board of directors to determine schedule and arrange as well as publish the cash dividend distribution procedure in conformity with the prevealing laws and regulation. | Decision Quorum<br>Decision approved by more than 1/2 (half) portion of total shares with vote right attending the GMS.<br><br>Decision Result<br>**Agree:**<br>20.772.707.687 votes or 99,6000188%<br><br>**Abstain:**<br>70.316.400 votes or 0,3371498%<br><br>**Disagree:**<br>13.104.200 votes or 0,0628314% | Cash dividend is distributed on 12th May 2016. |
| **Fourth Agenda:**<br>Approval for the tantiem of the Board of Directors and Board of Commissioners for 2015 and the salary as well as facilities and allowances for 2016. | | |
| Granted the authority and power to the Board of Commissioners upon prior approval from Dwiwarna A-Series Shareholders to determine the amount of tantiems for members of Board of Directors and Board of Commissioners for Fiscal Year 2015 and salaries along with facilities and allowance for Fiscal Year 2016. | Decision Quorum<br>Decision approved by more than 1/2 (half) portion of total shares with vote right attending the GMS..<br><br>Decision Result<br>**Agree:**<br>20.225.263.287 votes or 96,9751577%<br><br>**Abstain**<br>22.632.000 votes or 0,1085149%<br><br>**Disagree:**<br>608.233.000 votes or 2,9163275% | Through Letter Number S-83/D2.MBU/06/2016 dated on 28thJune 2016, Minister of SOE as A-Series Dwiwarna Shareholders, approved the stipulation on salary/honorarium, allowance and facility for 2016 and tantiem on the performance of Fiscal Year 2015 by noticing the Regulation of Minister of SOE Number PE-04/MBU/2014 on Guideline on the Stipulation of Income of the Board of Directors, Board of Commissioners and Board of Supervision of State Owned Enterprise.<br><br>Annual GMS Decision and Letter of Minister of SOE are followed up by PGN's Board of Commissioners by setting the salary/honorarium, allowance and facility for 2016 and tantiem on the performance of Fiscal Year 2015 for Board of Directors and Board of Commissioners, through letter oft Board of Commissioners number 29/D-KOM/2016 dated on 29th June 2016. |

| Annual GMS Result | Decision Taking | Realization of Decision and Rationale |
|---|---|---|
| **Fifth Agenda:**<br>Approval for the appointment of a Public Accountant to audit the Company's Financial Statement for 2016 and the financial statement of the Partnership and Community Development Program for 2016. | | |
| 1. Appointed the Public Accountant Office Tanudiredja, Wibisana, Rintis and Partner (a member of Price Waterhouse Coopers) to perform:<br>a. General Audit for the Consolidated Financial Statement of the company for Financial Year 2016<br>b. General Audit for the financial Statements of the Partnership and Community Development Program for Financial Year 2016<br>c. Compliance Audit for the Conformity with the Constitutional Regulation and Internal Control.<br>d. Evaluation for the Company's Performance for Financial Year ended at December 31st, 2016 and Key Performance Indicator (KPI) which had been agreed by Board of Commissioners.<br><br>2. Granted the authority to Board of Commissioners to determine the amount of audit service fee and any other reasonable requirements for the Public Accountant Office, if for any reason, cannot complete its performance. | Decision Quorum<br>Decision approved by more than 1/2 (half) portion of total shares with vote right attending the GMS..<br><br>Decision Result<br>**Agree:**<br>20.090.091.900 votes or 97,8297092%<br><br>**Abstain**<br>83.814.000 votes or 0,4079618%<br><br>**Disagree:**<br>362.082.896 votes or 0,17623290% | Follow up is conducted through the Agreement between Public Accounting Office (KAP) Tanudiredja, Wibisana, Rintis & Partner with PGN Number: 029700. PK/KU.02/ACC/2016 to implement audit service work as approved in the Annual GMS. KAP Tanudiredja, Wibisana, Rintis & Partner is appointed as auditor that examines PGN Financial Statement for 3 years period. However, the appointment of the concerned KAP, for the 2nd and 3rd year does not bound and based on annual evaluation result towards KAP result of Board of Commissioners and approved by GMS in the Annual GMS. |
| **Sixth Agenda:**<br>To change the composition of the Board member and/or the structure of the Board member. | | |
| 1. Confirms the honorary discharge of Sdr. Muhamad Zamkhani as the Company Board of Commissioners member effective since 11thNovember 2015 with gratitude on the contributed energy and minds throughout his tenure as the Company Board of Commissioners member.<br><br>2. Honourable discharge of Sdr. Iman Sugema as President /Independent Commissioner effective since the closure of this GMS, with gratitude for his contribution as the Company's Board of Commissioners.<br><br>3. Appointed as Board of Commissioners :<br>Sdr. Fajar Harry Sampurno : As President Commissioner<br>Sdr. Kiswodarmawan : as Independent Commissioner<br>Effective since the closure of this GMS until the closure of the 5th (fifth) Annual GMS after the date of appointment, however, without lessening the GMS right to discharge the Board of Commissioners member at any time.<br><br>4. Therefore, the member of the Board of Commissioners consists as the following:<br>**Name** / **Position**<br>1. Sdr. Fajar Harry Sampurno — President Commissioner<br>2. Sdr. Kiswodarmawan — Independent Commissioner<br>3. Sdr. Tirta Hidayat — Commissioner<br>4. Sdr. IGN Wiratmaja Puja — Commissioner<br>5. Sdr. Mohamad Ikhsan — Commissioner<br>6. Sdr. Paiman Raharjo — Independent Commissioner | Decision Quorum<br>The decision is approved by Dwiwarna A-Series Shareholders and other legal Shareholders that together represent more than 1/2 (half) portion of total shares with votes attending the GMS<br><br>Decision Result<br>**Agree:**<br>16.337.677.194 votes or 78,3351395%<br><br>**Abstain**<br>241.900.803 votes or 1,1598548%<br><br>**Disagree:**<br>4.276.550.290 votes or 20,5050057% | This Articles of Association amendment is followed up by Board of Directors with the drafting of Deed of Annual General Meeting of Shareholders Decision Statement Number 34 dated 8th April 2016 drafted before the Notary Fathiah Helmi, SH., Notary in Jakarta.<br>This Articles of Association Amendment Deed has been delivered and received by Minister of Law and Human Rights based on the Letter of Minister of Law and Human Rights Number AHU-AH.01.03-0045585 dated 3rd May 2016. |

| Annual GMS Result | Decision Taking | Realization of Decision and Rationale |
|---|---|---|
| 5. Granted power and authority to the Company Board of Directors with substitution right to restate this resolution of Annual GMS in separate Notarial Deed and furthermore deliver the notice to the Ministry of Law and Human Rights of Republic of Indonesia in order to be register in Company List and granted the right to take any necessary action in relation to such notice.<br><br>6. Affirm the honorary discharge of Sdr. Mochtar Riza Pahlevi Tabrani as Director of Finance effective since April 7th, 2016 with gratitudes for his contribution as the Company's Board of Director.<br><br>7. Honorably discharge :<br>Sdr. Muhammad Wahid Sutopo : As Director of Planning and Investment and Risk Management<br>Sdr. Jobi Triananda Hasjim : As Director of Business<br>Sdr. Djoko Saputro : As Director of Technology and Development<br>Effective since the closure of this GMS, with gratitudes for his contribution as the Company's Board of Director.<br><br>8. Change the nomenclature of Board of Directors members positions as follow: | | |

| Previously | Now |
|---|---|
| President Director | President Director |
| Director of Finance | Director |
| Director of Technology and Development | Director |
| Director of Business | Director |
| Director of Planning, Investment and Risk Management | Director |
| Director of General Affairs and HR | Director |

<table>
<tr><th>Annual GMS Result</th><th>Decision Taking</th><th>Realization of Decision and Rationale</th></tr>
<tr><td>
9. Appoint:<br>
Sdr. Muhammad Wahid Sutopo : As Director<br>
Sdr. Dilo Seno Widagdo : As Director<br>
Sdr. Danny Praditya : As Director<br>
Sdr. Nusantara Suyono : As Director<br>
Effective since the closure of this GMS until the closure of the 5th (Fifth) Annual GMS after the date of appointment, without prejudice to the right of the GMS to dismiss them at any time.<br><br>
10. With the discharge, change on nomenclature, and appointment of Board of Directors members as mentioned above, hence the composition of Company Board of Directors members after the closure of GMS are as follow:
<table>
<tr><th>Name</th><th>Position</th></tr>
<tr><td>1. Sdr. Hendi Prio Santoso</td><td>President Director</td></tr>
<tr><td>2. Sdr. Muhammad Wahid Sutopo</td><td>Director</td></tr>
<tr><td>3. Sdr. Dilo Seno Widagdo</td><td>Director</td></tr>
<tr><td>4. Sdr. Danny Praditya</td><td>Director</td></tr>
<tr><td>5. Sdr. Nusantara Suyono</td><td>Director</td></tr>
<tr><td>6. Sdr. Hendi Kusnadi</td><td>Director</td></tr>
</table>
11. Granted power and authority to the Company Board of Directors with substitution right to restate this resolution of Annual GMS in separate Notarial Deed and furthermore deliver the notice to the Ministry of Law and Human Rights of Republic of Indonesia in order to be register in Company List and granted the right to take any necessary action in relation to such notice.
</td><td></td><td></td></tr>
</table>

# BOARD OF COMMISSIONERS

Board of Commissioners has certain task and responsibility related to the Company. The task and responsibility are conducted for the interest of Company and in accordance to the Company purpose and objective.

## BOARD OF COMMISSIONER'S COMPOSITION

Composition and Total members of Board of Commissioners in 2016 stipulated in the General Meeting of Shareholders are as follow:

| 1 January – 8 April 2016 | |
|---|---|
| President/Independent Commissioner | : Iman Sugema |
| Commissioner | : Tirta Hidayat |
| Commissioner | : Mohamad Ikhsan |
| Commissioner | : IGN Wiratmaja Puja |
| Independent Commissioner | : Paiman Raharjo |

| 8 April – 31 December 2016 | |
|---|---|
| President Commissioner | : Fajar Harry Sampurno |
| Commissioner | : Tirta Hidayat |
| Commissioner | : Mohamad Ikhsan |
| Commissioner | : IGN Wiratmaja Puja |
| Independent Commissioner | : Paiman Raharjo |
| Independent Commissioner | : Kiswodarmawan |

In the Annual GMS organized on the 8th of April 2016, GMS confirmed the honorable discharge of Muhamad Zamkhani as Company Board of Commissioners member and honorably discharged Iman Sugema as President/Independent Commissioner. Subsequently, GMS appointed Fajar Harry Sampurno as President Commissioner and Kiswodarmawan as Independent Commissioner effectively since the closure of GMS dated 8thApril 2016 until the closure of the 5th(fifth) Annual GMS after the date of appointment yet does not lessen the GMS right to discharge Board of Commissioners members at any time.

## BOARD OF COMMISSIONER'S RESPONSIBILITY

Based on the Board Manual ratified by the Board of Commissioners and Board of Directors on the 8th of August 2016, every member of the Board of Commissioners, with good will, must be responsible to run the task to supervise and advise the Board of Directors for the interest of business and objective of the Company. Every member of Board of Commissioners also personally and jointly responsible on the Company loss if the concerned is guilty or neglected the task.

In addition to full responsibility on the Company supervision for the interest and purpose of the Company, the Board of Commissioners also holds the responsibility in monitoring the effectiveness of GCG practice and provides system improvement suggestions and GCG implementation.

In implementing its responsibility, the Board of Commissioners has tasks as follow:

1. Supervise and responsible on the supervision towards the management policy, the general management process, both on the company or company business and advise the Board of Directors;
2. Conduct specific task assigned in accordance to the Articles of Association, the applicable law and regulations and/or based on the GMS decision;
3. Conduct task, responsibility, and authority according to the Company Articles of Association stipulations and GMS decision;
4. In order to perform their duties, Board of Commisionners act for company's welfare and responsible to GMS;
5. Research and analyse annual report prepared by the Board of Directors and sign the annual report.

In relation to the task implementation, Board of Commissioners must:

1. Supervise the implementation of Company work plan and annual budget;
2. Follow the development of Company activity and in regards of Company showing symptoms of setback, to immediately report to GMS along with the suggestion on improvements stages to take;
3. Propose to GMS, the appointment of Public Accounting that will examine Company books;
4. Conduct other supervision tasks stipulated by GMS;
5. Respond to the Board of Directors periodic report and Company development whenever deemed necessary and report the task implementation result to A-Series Dwiwarna Shareholders on time;
6. Provide opinion and ratification on the Company Work Plan and Annual Budget as well as Company Long Term Plan prepared by Board of Directors;
7. Provide approval on Company work plan and annual budget at the latest on the thirtieth day of the first month after the fiscal year commence;
8. Draft minutes of Board of Commissioners meeting and keep the copy;
9. Report to Company about the share ownership;
10. Provide report on supervision task that has been conducted throughout the previous fiscal year to GMS;
11. Conduct task and responsibility with good will, full of responsibility and cautiousness;
12. Establish Audit Committee and can establish other committee, in regards to support the effectiveness of task and responsibility implementation;
13. Evaluate the committee performance that supports the implementation of task and responsibility at every end of fiscal year.

## BOARD OF COMMISSIONER'S GUIDELINE AND CODE OF CONDUCT

In regards to run the supervision task and provide advisory to the Board of Directors, the Board of Commissioners refers to the below regulations:

1. Law Number 40 of 2007 on Limited Company;
2. Law Number 19 of 2003 on State Owned Enterprise;
3. Financial Service Authority Regulation Number 33/POJK.04/2014 on Board of Directors and Board of Commissioners Emitent or Public Company;
4. Company Articles of Association Deed Number 23 dated 6th April 2015;
5. Work Guideline for Board of Commissioners and Board of Directors (Board Manual) ratified on the 8th of August 2016;

Work Guideline for Board of Commissioners in Board Manual covers:

1. Main Task of Board of Commissioners;
2. Board of Commissioners Responsibility;
3. Board of Commissioners Tasks;
4. Board of Commissioners Vacant Position;
5. Right and Authority of the Board of Commissioners;
6. Independence and Ethics of Board of Commissioners Positions;
7. Board of Commissioners Meetings;
8. Board of Commissioners Meeting with Board of Directors;
9. Board of Commissioners Committees.

## DUAL POSITION AND CONFLICT OF INTEREST

Based on Article 14 paragraph 16 of Company Articles of Association Deed No 23 dated on 6thApril 2015, the Board of Commissioners members are prohibited to hold concurrent position as:

a. Board of Directors members to State Owned Enterprise, private business entity and other position that can cause conflict of interest;
b. Other position according to the applicable law and regulations stipulations.

Throughout 2016, no Board of Commissioners members held concurrent position as mentioned in the Company Articles of Association.

## TRAINING PROGRAM IN ORDER TO IMPROVE BOARD OF COMMISSIONERS COMPETENCY

In order to improve the competence and to support the implementation of Board of Commissioners tasks, in 2016, members of Board of Commissioners have joined training programs, workshop, conference and seminar, such as:

**BOARD OF COMMISSIONERS TRAINING**

| Name | Position | Date | Objective | Description |
|---|---|---|---|---|
| Mohamad Ikhsan | Commissioner | 09 – 14 April 2016 | New York | Joined "Global Political Risk and Its Impacts on Business" Training |
| Tirta Hidayat | Commissioner | 05 – 07 September 2016 | London | Joined "Floating LNG Conference" Conference |
| Paiman Raharjo | Independent Commissioner | 12 – 14 October 2016 | Kuala Lumpur | Joined "Exploration and Production Accounting" Training |
| Fajar Harry Sampurno | President Commissioner | 30 November 2016 | Jakarta | Tax Amnesty Socialization |

## BOARD OF COMMISSIONER'S TASKS IMPLEMENTATION

Throughout the Fiscal Year of 2016, Board of Commissioners has conducted task and activities as follows:

**1. Give approval and ratification on:**

a. Appointment of PT Towers Watson as remuneration consultant in regards to the Annual GMS of 2015 fiscal year;
b. Annual GMS Agenda of PT PGN (Persero) Tbk Fiscal Year of 2015 that will be organized on Friday 8th April 2016;
c. The appointment of KAP Tanudiredja, Wibisana, Rintis & Partner, a member Firm of Pricewaterhouse Coopers as the implement or of General Audit on the Company Consolidated Financial Statement for fiscal year of 2016, General Audit on the Partnership and Environmental Development Program Financial Statement Fiscal Year of 2016, Audit of Compliance on Law and regulations as well as Internal Control of 2016, and Company Performance Evaluation Fiscal Year of 2016 that ended on 31st December 2016 and Key Performance Indicator (KPI) that has been stipulated by Board of Commissioners;
d. The short term loan conversion of PT PGAS Telekomunikasi Nusantara ("PGASCOM") that becomes the additional capital inclusion;
e. Board Manual Revision that contains adjustment on the amendment of applicable regulation;
f. Re-transfer of all Work Room of Board of Commissioners and Supporting Organ of Board of Commissioners at Building A 4th Floor Jl. K.H. Zainul Arifin No. 20 West Jakarta to the Board of Directors, if which can be utilized for PGN Group Office;
g. Authorized Capital increase on PT Gagas Energi Indonesia;
h. Capital inclusion deposited by PT Gagas Energi Indonesia in 2016;
i. Transfer on partial right to claim of PGN in Facility A to PT Permata Graha Nusantara ("Permata") that will be used by Permata to add the portion of share ownership on KJG remains 80%;
j. Addition on PGN capital inclusion to PT Permata Graha Nusantara;
k. Revision on 2016 Work Plan and Company Budget (RKAP);
l. 2017 Work Plan and Company Budget (RKAP).

**2. Discuss, give opinions and advice, as well as asking for clarification, among others:**

a. Strategic issues affecting the course of company's operations;
b. Progress of RKAP 2016 (Company's Budget & Workplan) along with the issues concerned;
c. Key Performance Indicator of the Board of Commissioners and Board of Directors, the Work Program of the Board of Commissiones and Board of Directors in 2016 as well as the division of tasks for the Board of Commissioners;
d. Surveillance System of the Board of Commissioners in 2016;
e. Professional Institutions for the networking of Candidates to the Board of Directors;
f. Procurement of Independent Consultant Services;
g. PT PGAS Telekomunikasi Nusantara (PGASCOM) Loan Conversion;
h. PT PGN (Persero Tbk Quarterly Financial Statements;
i. The Quarterly Corporate Risk Profile of PT PGN (Persero) Tbk;
j. LHA Project CP-9 EPC Muara Karang-Muara Bekasi Pipeline Project in 2015;
k. Formulation of Internal Procedures of the Board of Commissioners;
l. Preparation of Shareholders General Meeting in 2016;
m. The Audit of Financial Statement for 2015 Fiscal Year;
n. Remuneration for the Board of Commissioners and Board of Directors;
o. Nomination of Board of Directors;
p. The establishment of Subsidiary in Infrastructure and Capital Increase at PT Kalimantan Jawa Gas;
q. The Assistance of PMO Infrastructure in =2015;
r. The Compliance Audit Report of PSA 62;
s. The Performance of PT Perusahaan Gas Negara (Persero) Tbk;
t. Prognosis of RKAP (company's workpland and budget) in 2016;
u. Follow-up the outcome of audit achieved by both External and Internal Auditor;
v. Follow-up the recommendation of audit results gained by BPK RI (Indonesia Supreme Audit Institution) towards PT PGN (Persero) Tbk;
w. The funding of PT Gagas Energi Indonesia (Gagas);
x. Conversion Phase II PT Kalimantan Jawa Gas ("KJG");
y. The Revision of RKAP 2016 (Company's Workplan and Budget in 2016) ;
z. The Creation of RKAP 2017 (Company's Workpland and Budget in 2017) ;

**3. Give a response on the periodic reports of the Board of Directors**

Conveying response to the Company's Quarterly Financial Statements 2016 to the Shareholders of Series A Dwiwarna

**4. Perform the duties of Board of Commissioners related to the implementation of the General Meeting of Shareholders**

a. Discuss the agenda of Annual General Meeting of Shareholders Fiscal Year 2016 held on April 8th, 2016.
b. Discuss and propose Public Accounting Firm (KAP), which will conduct an audit of the Financial Statements for Fiscal Year 2016 and Audit Compliance adherence to Legislation and Internal Control, as well as conducting a Financial Statement Audit on the Partnership Program and Community Social Responsibilities (CSR) for Fiscal Year ended on December 31st, 2016.
c. Discuss and propose remuneration for the Board of Directors and the Board of Commissioners.
d. Discuss and propose the nomination of Director of the company;
e. Follow up on the results of Annual General Meeting decision in Fiscal Year 2015.

# INDEPENDENT COMMISSIONER

## INDEPENDENT COMMISSIONER'S DETERMINATION CRITERIA

Independent Commissioner is a member of the Board of Commissioners who come from outside the company and qualify as an Independent Commissioner. Criterias for Independent Commissioner are based on the OJK (The Financial Services Authority/ FSA) Regulation No. 33 / POJK.04 / 2014 concerning the Board of Directors and Board of Commissioners or Public Listed Company, namely:

a. Not the people who work or have the authority and responsibilities to plan, lead, control , or oversees the activities of the Company within the last 6 (six) months;
b. Has no shares in the Company;

c. Have no affiliation with the Company, the Board of Commissioners, members of the Board of Directors or the main shareholders of the Company;
d. Have no business relationship pertaining to the business activities of the company.

Members of PGN Board of Commissioners amounted to 6 people, two of them are Independent Commissioners.The number of independent Commissioners have met the provisions of OJK (Financial Services Authority) Number: 33/POJK.04/2014 , in which every public company must have Independent Commissioner at least 30 % of the total number of members of board of commissioners.

## INDEPENDENCY OF INDEPENDENT COMMISSIONER

Due to OJK (FSA) criteria Regulation number 33/ POJK.04 / 2014, the Independent Commissioner of PGN has no shares of the Company, does not have affiliation with the Company, the Board of Commissioners, member of the Board of Directors or the main shareholders of the Company, does not have business relationship which is concerned with the Company's business activities, and has never worked or served as member of the Board of Directors or Board of Commissioners within the last 6 months prior to his/her appointment by the Annual PGN General Shareholders Meeting held in April 2016.

## BOARD OF COMMISSIONERS MEETING AND BOARD OF COMMISSIONERS AND DIRECTOR'S JOINT MEETINGS

Based on the OJK (FSA Regulation) Number 33/ POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Public Listed Company and Articles of Association, the Board of Commissioners shall hold meetings at least 1 (one) time in 2 (two) months and a joint meeting with the Board of Directors held periodically at least 1 (one) time in 4 (four) months.

In addition, according to the Regulation of the State Minister for State Owned Enterprises No. PER-01/ MBU/2011 dated August 1st, 2011, concerning the Application of Good Corporate Governance Good (GCG) on the State-Owned Enterprises particularly Article no.14, and the provisions of Articles of Association Article no .16, Meeting for the Board of Commissioners should be held regularly at least once in every month, and in the meeting the Board of Commissioners may invite the Board of Directors.

During the period of 2016, Board of Commissioners has held meetings with as many as 22 (twenty-two) times including the Joint Meeting with the Board of Directors, with the following details:

- Period 1st January – 8th April 2016 : 8 times.
- Period 8th April – 31st December 2016 : 14 times.

**MEETING OF THE BOARD OF COMMISSIONERS PERIOD 1ST JANUARY – 8TH APRIL 2016**

| Implementation | Meeting Agenda | Iman Sugema | Tirta Hidayat | Mohamad Ikhsan | Paiman Raharjo | IGN Wiratmaja Puja |
|---|---|---|---|---|---|---|
| 12th January 2016 | 1. Discussion on the Monitoring System by the Board of Commissioners in 2016;<br>2. Others. | √ | - | √ | √ | - |
| 12th January 2016 | 1. Discussion of KPI and Work Programs of the Board of Commissioners in 2016;<br>2. The Election of Professional Networking for the Prospective Board of Directors;<br>3. Others. | √ | √ | √ | √ | - |
| 10th February 2016 | 1. Formulation of Internal Procedures;<br>2. Others. | √ | √ | √ | √ | - |
| 17th March 2016 | 1. Discussion on the Remuneration for the Board of Directors and Board of Commissioners;<br>2. Discussion on the Nomination of the Board of Directors;<br>3. Others. | √ | √ | √ | √ | √ |

MEETING OF THE BOARD OF COMMISSIONERS PERIOD 1ST JANUARY – 8TH APRIL 2016

| Implementation | Meeting Agenda | Iman Sugema | Tirta Hidayat | Mohamad Ikhsan | Paiman Raharjo | IGN Wiratmaja Puja |
|---|---|---|---|---|---|---|
| 24th March 2016 | 1. The Approval of Short Term Loan Restructuring for Subsidiary;<br>2. Discussion on the Approval of Establishment for Subsidiary in the field of Infrastructure and Capital Increase;<br>3. Preparation of General Shareholders Meeting for Fiscal Year 2015;<br>4. Others. | √ | √ | √ | √ | √ |
| | Total Attendance | 5 times | 4 times | 5 times | 5 times | 2 times |
| | % Total Attendance | 100% | 80% | 100% | 100% | 40% |

MEETING OF THE BOARD OF COMMISSIONERS PERIOD 8TH APRIL – 31ST DECEMBER 2016

| Implementation | Meeting Agenda | Fajar Harry Sampurno | Tirta Hidayat | Mohamad Ikhsan | IGN Wiratmaja Puja | Paiman Raharjo | Kiswodarmawan |
|---|---|---|---|---|---|---|---|
| 27th April 2016 | 1. Introduction BoC;<br>2. Others. | √ | √ | √ | - | √ | √ |
| 10th May 2016 | 1. Discussion of the First Quarter Report;<br>2. Discussion on the Subsidiary Loan Conversion;<br>3. Discussion of Mentoring/ Assistance for the Working Unit in 2015;<br>4. The Report of Compliance Audit Results;<br>5. Others. | √ | √ | √ | √ | √ | √ |
| 14th June 2016 | 1. Internal Coordination of the Board of Commissioners and Supporting Organ;<br>2. Breakfasting;<br>3. Others. | √ | √ | √ | √ | √ | √ |
| 18th July 2016 | 1. Discussion on the Revision of RKAP (the Company's Work Plan and Budget) in 2016;<br>2. Others. | √ | √ | √ | √ | √ | √ |
| 09th August 2016 | 1. Application for the Approval of Subsidiary Establishment in the field of Infrastructure an Capital Increase;<br>2. Others. | √ | √ | √ | √ | √ | √ |
| 07th September 2016 | 1. Discussion on the Performance of PT Perusahaan Gas Negara (Persero) Tbk;<br>2. Others. | √ | - | - | - | √ | √ |
| 20th September 2016 | 1. Discussion on the Financial Report of the First Half (Term 1) 2016;<br>2. Others. | √ | √ | √ | √ | √ | √ |
| 25th October 2016 | Postponement in the Meeting Schedule of Board of Commissioners and Joint Meeting between the Board of Commissioners and Board of Directors held on October 25th, 2016 (Circular) | √ | √ | √ | √ | √ | √ |

**MEETING OF THE BOARD OF COMMISSIONERS PERIOD 8TH APRIL – 31ST DECEMBER 2016**

| Implementation | Meeting Agenda | Fajar Harry Sampurno | Tirta Hidayat | Mohamad Ikhsan | IGN Wiratmaja Puja | Paiman Raharjo | Kiswodarmawan |
|---|---|---|---|---|---|---|---|
| 08th November 2016 | 1. The Prognosis of RKAP 2016;<br>2. The Draft of RKAP 2017;<br>3. Discussion on the Application of Funding Approval for Subsidiary;<br>4. Discussion on the Application for Phase II Approval towards Subsidiary;<br>5. Others. | √ | √ | √ | √ | √ | √ |
| 19th December 2016 | 1. The Finalization of RKAP 2017;<br>2. Others. | √ | √ | √ | √ | √ | √ |
| | Total Attendance | 10 times | 9 times | 9 times | 8 times | 10 times | 10 times |
| | % Total Attendance | 100% | 90% | 90% | 80% | 100% | 100% |

The absence of the Board of Commissioners meeting due to the concerned individual fulfilling his duties .

**JOINT MEETING BETWEEN THE BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS PERIOD 1ST JANUARY – 8TH APRIL 2016**

| Implementation | Meeting Agenda | Board of Directors | | | | | | Board of Commissioners | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Hendi Prio Santoso | Mochtar Riza Pahlevi Tabrani | Djoko Saputro | Jobi Triananda Hasjim | Hendi Kusnadi | Muhammad Wahid Sutopo | Iman Sugema | Tirta Hidayat | Mohamad Ikhsan | Paiman Raharjo | IGN Wiratmaja Puja |
| 19th February 2016 | 1. Preparation for the Discussion of Shareholers General Meeting in 2016;<br>2. Others. | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 25th February 2016 | 1. An Audit of Financial Statements for Fiscal Year 2015;<br>2. Discussion on the Remuneration of Board of Commissioners and Board of Directors;<br>3. Others. | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 24 March 2016 | 1. Approval for the Restructuring of Subsidiary Short-Term Loan;<br>2. Discussion on the Approval of Establishment of Subsidiary for the field of Infrastructure and Capital Increase; | - | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 24 March 2016 | 3. The Preparation of General Shareholder Meeting for Fiscal Year 2015;<br>4. Others. | | | | | | | | | | | |
| Total Attendance | | 2 times | 3 times | 3 times | 3 times | 3 times | 3 times | 3 times | 3 times | 3 times | 3 times | 3 times |
| % Total Attendance | | 66,67% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

**JOINT MEETING BETWEEN THE BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS PERIOD 8TH APRIL – 31ST DECEMBER 2016**

| Implementation | Meeting Agenda | Board of Directors | | | | | | Board of Commissioners | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Hendi Prio Santoso | Nusantara Suyono | Danny Praditya | Dilo Seno Widagdo | Hendi Kusnadi | Muhammad Wahid Sutopo | Fajar Harry S. | Tirta Hidayat | Mohamad Ikhsan | IGN Wiratmaja Puja | Paiman Raharjo | Kiswodarmawan |
| 10th May 2016 | 1. Discussion of First Quarter Report;<br>2. Discussion on the Subsidiary of Loan Conversion;<br>3. Discussion on the Mentoring/ Assistance of Work Unit in 2015;<br>4. Compliance Audit Report;<br>5. Miscellaneous | - | √ | - | - | - | √ | √ | √ | √ | √ | √ | √ |
| 18th July 2016 | 1. Discussion on the Revision of RKAP (CBP) 2016;<br>2. Miscellaneous. | √ | √ | √ | √ | - | - | √ | √ | √ | √ | √ | √ |
| 08th November 2016 | 1. The Prognosis of RKAP (CBP) 2016;<br>2. Draft RKAP (CBP) 2017;<br>3. Discussion on the Application for he Approval of Financing Subsidiary;<br>4. Discussion on the Application for Phase II Subsidiary Approval;<br>5. Miscellaneous | - | √ | - | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 19th December 2016 | 1. The Finalizaton of RKAP (CBP) 2017;<br>2. Miscellaneous. | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Total Attendance | | 2 times | 4 times | 2 times | 3 times | 2 times | 3 times | 4 times | 4 times | 4 times | 4 times | 4 times | 4 times |
| % Total Attendance | | 50% | 100% | 50% | 75% | 50% | 75% | 100% | 100% | 100% | 100% | 100% | 100% |

## BOARD OF COMMISSIONERS KPI ASSESSMENT

### Board of Commissioner's Performance Assessment Procedure

The Board of Commissioners assessment through KPI (Key Performance Indicator) which is established by the Ministry of State Owned Enterprises, wherein the indicators of Key Performance Indicators (KPIs) being used is KPKU (the Featured Performance Assessment Criteria). Following is the procedure of valuation implementation:

1. The Board of Commissioners convey the KPI of Board of Commissioner to the Ministry of State Owned Enterprise;
2. The Board of Commissioners implement and evaluate KPI achievement of the Board of Commissioner;
3. The Board of Commissioner report the Realization of Board of Commissioner KPI to the Ministry of State Owned Enterprise;

**Assessment Criteria of Board of Commissioners Performance**

The criteria for assessing the performance of Board of Commissioners is the implementation of the Board of Commissioners duties in supervising the policies of the Company's management of operations and to advise the Board of Directors for the interests and objectives of the Company as well as the implementation of the tasks that are specifically given to him according to the Articles of Association and/or by decision of the Shareholders General Meeting in the corridors of the prevailing laws.
The Fundamental Key Performance Indicators of theBoard of Commissioners including:

1. Article 15 paragraph (1) of the Regulation of Minister of State Owned Enterprises number PER-01/BUMN/2011 in conjunction with the Regulation of Minister of State Owned Enterprises number PER-09/BUMN/2012 concerning the Implementation of Good Governance in State Owned Enterprises, states that "General Shareholders Meeting shall establish Key Performance Indicators for the Board of Commissioners / Board of Trustees based on the proposals of the concerned Board of Commissioners / Board of Trustees".
2. Deputy Minister of State Owned Enterprise No. S-508/MBU/WK/2012 dated 22nd November 2012 concerning the Share Holder Aspiration on the Preparation of RKAP (The Company's Work Plan and Budget) in 2013, stipulates that the indicators of Key Performance Indicators that are prepared using KPKU (the Featured Performance Assessment Criteria).

## BOARD OF COMMISSIONER'S PERFORMANCE ASSESSMENT RESULT

Assessment result is total quality of each KPI that has been obtained with the Scores Fulfillment Level in 2016 amounted to 97,00 (very satisfying).

## BOARD OF COMMISSIONER'S REMUNERATION STIPULATION PROCEDURE

Stipulation of remuneration for The Board of Commissioners refers to Regulation of Minister of State Owned Enterprises number: PER-04/MBU/2014 regarding of the stipulation guidance of earnings of Board of Directors, Board of Commissioners, and Board of Supervisors of the State Owned Enterprises as amended in Regulation of Minister of State Owned Enterprises of the Republic of Indonesia number: PER-02/MBU/06/2016 regarding of amendment of the date of 20 June 2016 . As the result, procedure of stipulation of Remuneration of The Board of Commissioners as follows:

a. Committee of Nomination and Remuneration asks the independent consultant to review the remuneration for Board of Directors and Board of Commissioners.
b. Committee of Nomination and Remuneration composes recommendation of remuneration for member of Board of Directors and Board of Commissioners.
c. Committee of Nomination and Remuneration proposes remuneration for member of Board of Directors and Board of Commissioners to the Board of Commissioners.
d. Board of Commissioners discuss the proposal of Committee of Nomination and Remuneration.
e. The Annual General Meeting of Shareholders of the accounting year 2015 which was held on 8 April 2016 delegated the authority to the Board of Commissioners of Company to stipulate salary/ honorarium, facilities and other allowance for member of Board of Directors and Board of Commissioners for the accounting year 2016 after being approved by shareholders of the Seri A Dwiwarna.
f. Board of Commissioners propose remuneration for member of Board of Directors and Board of Commissioners of year 2016 to Minister of SOE as the shareholder of Seri A Dwiwarna.
g. Minister of SOE as the shareholder of Seri A Dwiwarna stipulated remuneration for member of Board of Directors and Board of Commissioners.

Based on the Regulation of Minister of SOE, principle of earnings stipulation of Board of Commissioners was stipulated by general meeting of shareholders where the components of earnings of Board of Commissioners consists of:

a. Honorarium;
b. Allowances, consist of:
   1) Feast-day Allowance;
   2) Transportation Allowance of transportation;
   3) Pension Insurance.
c. Facilities, consist of:
   1) Health benefits;
   2) Legal aid; and
d. Bonus/incentive of performance where in the bonus can be added an extra that is Long Term Incentive (LTI).

## BOARD OF COMMISSIONER'S REMUNERATION STUCTURE

Stipulation of remuneration for Board of Commissioners refers to Regulation of Minister of State Owned Enterprises number: PER-04/MBU/2014 regarding of stipulation guidance of earnings of Board of Directors, Board of Commissioners, and Board of Supervisors of the State Owned Enterprises. Components of earnings of Board of Commissioners consist of:

1. Honorarium;
   Honorarium of member of Board of Commissioners was stipulated with composition of position factor as follows:
   - The Main Commissioner is in the amount of 45% of President Director's salary;
   - Members of Board of Commissioners are in the amount of 90% of Board of Commissioners.
2. Board of Commissioners allowance
   a. Religious feast-day allowance
      Feast-day allowance is given in the amount of one of honorarium.
   b. Transportation allowance;
      Transportation allowance is given in the amount of 20% of honorarium for each of the Board of Commissioners.
   c. Pension Insurance
      - Pension Insurance is given during working (starts from the appointment to the retirement)
      - The premium paid by the Company shall be 25% of the honorarium within one year.
3. Facilities
   a. Health benefits;
      - Health benefits is given in the form of health insurance or medical reimbursement;
      - Health benefits is given to member of Board of Commissioners therewith a wife/husband and maximum of 3 (three) children who is under 25 years old in accordance with the applicable provision;
      - The given facilities are in the form of outpatient and medicines, inpatient and medicines, and medical check-up.
   b. Legal aid facility
      Legal aid facility is given in case of occurring of action/doing for and on behalf of the office related to the purpose and activities of the company's business.
4. Performance Bonus/Incentive
   a. Distribution of bonus/incentive of performance to Board of Commissioners is based on the stipulation of General Meeting of Shareholders/Minister in the ratification of the annual report in the event that:
      - Realization of the lowest level of health reaches 70; or
      - Target of level of health in the Company's Work Plan and Budget is reached although it is under 70.
   b. Bonus/Incentive of performance is a cost burden of the related accounting year therefore it should be budgeted specifically in The Company's Work Plan and Budget of its year so that the distribution of bonus/incentive of performance does not exceed the budget of bonus/incentive of performance which has been stipulated in The Company's Work Plan and Budget.
   c. The composition of the amount of bonus/incentive of performance as follows:
      - The Main Commissioner is in the amount of 45% of President Director's bonus;
      - Members of Board of Commissioners are in the amount of 90% of Board of Commissioners' bonus.
   d. An extra of Long Term Incentive can be added to the bonus.

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 8 April 2016 and Letter of Main Commissioner to President Director of PT PGN (Limited) Tbk No. 29 / D-KOM / 2016 dated 29 June 2016 with reference to the letter of the Minister of SOE No.: S-83/D2.MBU/06/2016 dated June 28th, 2016, concerning the Stipulation of Salary/Honorarium, Allowances and Facilities for 2016 and Bonus on performance in Fiscal Year 2015;

As for the structure of remuneration of the Board of Commissioners (within one year) in 2016 as follows:

**REMUNERATION OF THE BOARD OF COMMISSIONERS PER 2016**

| No | Componen | Chief Commissioner (Rp) | Commisioner (Combined) (Rp) | Amount (Rp) |
|---|---|---|---|---|
| 1 | Honorarium (net) | 884.520.000,- | 3.763.632.600,- | 4.648.152.600,- |
| 2 | Allowances (net) | | | |
| | • Religious holiday allowance | 73.710.000,- | 331.695.000,- | 405.405.000,- |
| | • Retirement Insurance | 221.130.000,- | 940.908.150,- | 1.162.038.150,- |
| | • Transportation Allowances | 176.904.000,- | 752.726.520,- | 929.630.520,- |
| | TOTAL | 1.356.264.000,- | 5.788.962.270,- | 7.145.226.270,- |
| 3 | Royalty (Gross) | 4.418.855.334,- | 19.329.162.813,40,- | 23.748.018.147,40,- |
| 4 | Other facilities | At cost in compliance with PER-04/MBU/2014 jo. PER-02/MBU/2016 | | |

*Note:*

1. *The value listed in the column of Commissioners is the combined value of 5 Commissioners each have the same amount of income from each other.*
2. *For the component of Honorarium, Retirement Insurance, Transport Allowance and performance bonus to be paid proportionately according to tenure*

# BOARD OF DIRECTORS

The Board of Directors have the responsibility to undertake the tasks in good faith and full responsibility. Each member of the Board of Directors is fully responsible either individually and severally liable for the loss of the Company, in case the relevant individual makes fault or negligent in performing his duties in accordance with the statutory provisions.

Board of Directors represent as the Company's Organ that are authorized and fully responsible for the management of the Company for the interest of the Company, in accordance with the purposes and objectives of the Company as well as to represent the Company both in and out of court in accordance with the provisions of the Articles of Association. Board of Directors are appointed and terminated by the Shareholders General Meeting.

The Board of Directors is collegially responsible. Each Director may act and take decisions in accordance with the distribution of duties and responsibilities. However, execution of duties by each Director remains a shared responsibility. The position of each member of the Board of Directors including the Managing Director are equivalent. The duty of President Director as primus inter pares is to coordinate the activities of the Board of Directors.

## BOARD OF DIRECTOR'S COMPOSITION

During 2016, the Composition of PGN Board of Directors are as follows:

**1st January – 8th April 2016**

| | |
|---|---|
| President Director | : Hendi Prio Santoso |
| Investment Planning and Management Director | : Muhammad Wahid Sutopo |
| Commercial Director | : Jobi Triandanda Hasjim |
| Technology and Development Director | : Djoko Saputro |
| Financial Director | : Mochtar Riza Pahlevi Tabrani |
| General Affairs and Human Resources Director | : Hendi Kusnadi |

**8th April – 31st December 2016**

| | |
|---|---|
| President Director | : Hendi Prio Santoso |
| Director | : Muhammad Wahid Sutopo |
| Director | : Dilo Seno Widagdo |
| Director | : Danny Praditya |
| Director | : Nusantara Suyono |
| Director | : Hendi Kusnadi |

## BOARD OF DIRECTOR'S SCOPE OF WORK AND RESPONSIBILITIES

The distribution of duties and authoritities of the Board of Directors can be set by the General Shareholders Meeting, but in the event that the General Shareholders Meeting did not stipulate, then the distribution of duties and authorities of the Board of Directors members are set out by the Decree of Directors.

In the Annual General Meeting dated 8th April 2016, General Shareholders Meeting does not specify the nomenclature of the position of each Director. In accordance with the provisions of Law No. 40 of 2007 concerning Limited Liability Company, the Board of Directors set out the duties and responsibilities of each Directors through the Decision of the Board of Directors Number 004204.K/OT.00/PDO/2016 dated 11th April 2016.

## PRESIDENT DIRECTOR

a. Scope of Work:
   1. President Director has a scope of work to establish, manage, and control the Company management supervision;
   2. In addition to running scope as in the preceding paragraph, President Director has the function of coordinating all development and operational activities of the Company, which in practice is assisted and collaborate with other Director.

b. Responsiblity:
   Based on the scope of its work, President Director has the responsibility of:
   1. To Plan, manage, and control:
   a. The Preparation of Work Plan and Budget of the Company as well as evaluating its achievements;
   b. The preparation of policies and activities related to the management of communication and relationships with stakeholders ;
   c. Internal control of the Company;
   d. Preparation of the policy, coordination of the work program implementation, the preparation of the ISMS, and the achievement report for the work program for Strategic Management and Transformation, Risk Management & GCG, HSSE;
   e. Management of strategic planning, business development and technology, as well as portfolio and performance;
   f. Operational asset management, including policies and activities related to engineering, construction and operations, as well as project-based;
   g. Management of product commercialization of gas and its derivatives, including policies and activities related to the planning and supply of gas, trading, as well as marketing of energy;
   h. Human resource management, information and communication technology, as well as logistical and general services;
   i. Budget management, treasury, accounting, corporate finance, and revenue assurance.

## DIRECTOR OF INFRASTRUCTURE AND TECHNOLOGY

a. Scope of Work
   Director of Infrastructure and Technology has a scope of work to establish, manage, and control the policy of engineering, construction, operation and maintenance; network development and operational facilities that support the utilization of natural gas; manage the Government assignment related to the domestic natural gas network; and implement guidance for Subsidiary in the field of infrastructure

b. Responsibility:
   Based on the scope of work, Director Infrastructure and Technology have the following responsibilities:
   1. To plan, manage and control:
      a. Work Plan and Budgeting for the work unit in the Infrastructure and Technology Directorate as well as evaluating its achievement;
      b. Strategies, policies and procedures relating to the management of engineering, network construction, operational facilities, as well as operations and maintenance;
   2. Controlling the management of network construction and operational facilities;
   3. Conduct guidance for the Business Unit Infrastructure Operations, Program Management Office Infrastructure, the Network of Services Unit for Household Gas Pipeline as well as Subsidiary infrastructure.

## DIRECTOR OF COMMERCE

a. Scope of Work
   Director of Commerce has a scope of work to establish, manage and control the Company's policies with respect to the management of the planning and supply of gas / liquefied natural gas (LNG); marketing and sales of gas products and its derivatives products - ; including conduct guidance for Subsidiary in the field of gas commercialization.

b. Responsibility:
   Based on the scope of work, Director of exploitation has the following responsibilities:

1. To plan, manage and control:
   a. The Preparation of Work Plan and Budget of the Work Unit t the Commerc Directorate as well as evaluating its achievements;
   b. Strategies, policies, procedures, and management activities of gas management planning (supply - demand gas balance gas) and supply of gas / LNG;
   c. Strategies, policies, procedures, and the management activities of natural gas product sales, LNG, and derivatives products
   d. Strategies, policies, procedures, and the management activities of natural gas product sales, LNG, and derivatives products
2. Implement guidance for the Business Unit Gas Product and Subsidiary in the field of commercialization of natural gas, LNG and derivatives products.

## DIRECTOR OF FINANCE

a. Scope of Work
   Director of Finance has a scope of work to establish, manage and control the Company's policies and activities related to the budget of the Company; treasury; accounting; financial reporting, taxation, financial management; revenue assurance; investor relations; and Social and Environmental Responsibility.

b. Responsibility:
   Based on the scope of its work, Director of Finance has the responsibility of setting and controlling:
   1. Work Plan and Budgeting in the Work Unit of Finance Directorate as well as to evaluate its achievements;
   2. The policies and activities of budget preparation, management, and control;
   3. The policies and treasury management activities;
   4. The policies and activities of accounting, financial reporting and taxation;
   5. The policies and long-term financial management activities;
   6. The policies and revenue assurance management activities;
   7. The policies and investor relations management activities;
   8. The policies and management of corporate social responsibility, partnership and environmental programs.

## DIRECTOR OF HUMAN CAPITAL AND GENERAL SERVICES

a. Scope of Work
   Director of Human resources and General Affairs have the scope of the work to establish , manage and control the policy of human capital; information and communication technology; as well as logistics and public service

b. Responsibility:
   Director of Human Capital and General Services have the duties of planning, managing and controlling:
   1. Work Plan and Budget work units in Human Capital and General Services Directorate as well as evaluating its achievements;
   2. Strategies, policies, procedures and management activities of the development of human resources services;
   3. Strategies, policies, procedures and management activities of Information and Communication Technology;
   4. Strategies, policies, procedures and management activities of the procurement of PGN goods / services (excluding projects procurement), non-network assets, facilities and services

## DIRECTOR OF STRATEGY AND BUSINESS DEVELOPMENT

a. Scope of Work
   Director of Strategy and Business Development have the scope of work to establish, managing and controling the Company's policy in connection with strategic planning; business development and technology; as well as portfolio management and performance control.

b. Responsibility:
   Based on the scope of its work, Director of Strategy and Business Development has the responsibility to plan, manage, and control:

1. Work Plan and Budget for the work units in the Strategy and Business Development Directorate and evaluate its achievement;
2. Strategies, policies, procedures, and activities related to the preparation, evaluation, and control of long-term or annual strategic plans;
3. Strategies, policies, procedures, and activities related to the activities of preparation, evaluation and control of new business development as well as adoption of technologies which support the development of business;
4. Strategies, policies, procedures and activities related to the activities of preparation, evaluation, and control of the business portfolio and the Unit performance of Unit / Work Unit.

## ASSESSMENT ON THE PERFORMANCE OF COMMITTEE UNDER THE BOARD OF DIRECTORS

The Company currently has no organizational committee under the Board of Directors.

## BOARD OF DIRECTOR'S GUIDELINES AND CONDUCT

In order to carry out the duties of maintenance and management of the Company, the Board of Directors refers to the Regulation as follows:

1. Law Number 40 Year 2007 concerning Limited Liability Company;
2. Law Number 19 of 2003 concerning State Owned Enterprises;
3. Regulation of OJK (the Financial Services Authority) No. 33 / POJK.04 / 2014 concerning the Board of Directors and Board of Commissioners of Public Company;
4. Articles of Association Deed Number 23 dated 6th April 2015;
5. Work Guidelines for the Board of Commissioners and Board of Directors (Board Manual), which was ratified on August 8th, 2016.

Working Guidelines for the Board of Commissioners and Board of Directors (Board Manual) represent as a set of relationship guidelines for the Board of Commissioners and Directors. PGN Board Manual was firstly conceived in 2006 and last updated on August 8, 2016. The Employment Guidelines and Rules of Conduct Board of Directors in PGN Manual specifically stipulated in Chapter II, which includes:

- Main Duty of the Board of Directors;
- Duties and Responsibilities of the Board of Directors;
- The Rights and Privileges of the Board of Directors;
- Delegation of Authority;
- Independence and Job Ethics of the Board;
- Stipulation on the Liability Management Policy;
- Distribution of the Board of Directors Duties;
- Vacant Position for for the Board of Directors'
- Meeting of the Board of Directors;
- Company secretary;
- Internal Control Unit.
- Risk Management Function

## BOARD OF DIRECTOR'S DUAL POSITION AND CONFLICTS OF INTEREST

Pursuant to Article 11 paragraph 22 of the Article of Association of the Company Deed No 23 dated April 6th, 2015, members of the Board of Directors may hold another position as:

a. Member of the Board of Directors in State-Owned Enterprises, local owned enterprises, privately owned enterprises as well as other positions that may pose a conflict of interest;
b. Structural and functional position at the institutions / agencies
c. Other positions in accordance with the provisions of the prevailing legislation.

Throughout 2016, there are no members of the Board of Directors holding dual position as stated in the Articles of Association of the Company.

## TRAINING PROGRAM IN ORDER TO IMPROVE THE COMPETENCE OF DIRECTORS

To improve their competency and to support the duties implementation of the Board of Directors during 2016, members of the Board of Directors have attended training programs, workshops, conferences and seminars, among others:

### PERIOD 01ST JANUARY 2016 – 08TH APRIL 2016

| Name | Date | Name of Activity | Location |
|---|---|---|---|
| M. Wahid Sutopo | 08 April 2016 | Roundtable discussion with Adam Kahane (Bandung Scenario) | Campus SBM ITB Graha Irama (Indorama) - Bandung |

### PERIOD 08TH APRIL 2016 – 31ST DECEMBER 2016

| Name | Date | Name of Activity | Location |
|---|---|---|---|
| Danny Praditya | 05 October 2016 | Workshop on the Utilization of Gas at Abadi Field at Masela Work Areas for the Fulfillment of Domestic Gas Requirement | Hotel Novotel Bogor Golf Resort Convention Center, Bogor – West Java |
| | 26 – 27 Oktober 2016 | Gas Asia Summit and Exhibition | Marina Bay Sands – 10 Bayfront Avenue, Singapore |
| | 07 – 10 November 2016 | Abu Dhabi Petroleum Exhibition and Conference (ADIPEC 2016) | Abu Dhabi National Exhibition Center (ADNEC) Abu Dhabi, UEA |
| | 15 November 2016 | Workshop on the Exposure of PGN - PLN Synergy Scheme in Supplying Natural Gas for the Electricity Sector | The Four Seasons Hotel – Capital Place, Kuningan Jakarta Selatan. |
| Hendi Kusnadi | 08 June 2016 | Leadership Forum 2016 : Discussion on the Transformation of Holding Energy | Auditorium PGN Office at Ketapang - Jakarta |
| | 17 June 2016 | Executive Session “Introduction to Leadership Energy” | Hotel Padma - Bandung |
| | 15 September 2016 | Human Capital PGN Group Synergy Forum | Veranda Hotel at Pakubuwono - Jakarta |
| | 19 September 2016 | The Great Leaders Workshop, Socialization of Reward System Implementation | Kantor PGN The Manhattan Square - Jakarta |
| | 07 October 2016 | Workshop on the Company Transformation | Mess PGN - Bandung |
| | 27 – 28 October 2016 | Indonesia Human Capital Summit 2016 | Hotel Ritz Carlton Pacific Place - Jakarta |
| | 24 – 25 November 2016 | Synergy Forum and Business Development Summit PGN 2016 | Bali |
| | 30 November 2016 | Seminar GCG and Upgrading ISO 9001 : 2015 in 2016 | Auditorium PGN Office at Ketapang – Jakarta |
| M. Wahid Sutopo | 25 May 2016 | RUPTL and Electrical FGD and Workshop between PLN and the whole State Owned Enterprises | Hotel Grand Sahid jaya - Jakarta |
| | 28 June 2016 | Executive Session Topic Introduction to Leadership | Hotel Padma - Bandung |
| | 29 June 2016 | G20 Natural Gas Day \| Natural Gas Promoting Sustainable Development organized by Beijing Gas Group Co.,Ltd, China Gas Society and China Gas Association | Beijing – China |
| | 13 August 2016 | National Seminar organized by the Alumni Association of ITB Geology Engineering with the theme on "Enhancing Indonesian Energy Security through the Optimization of Natural Resources" | ITB Campuss - Bandung |
| | 24 August 2016 | Panel Discussion of the Resurrection of Energy, the National Industry Awakening to Indonesia Mandiri organized by KEIN | Coordinating Ministry of Economic Affairs Building – Jakarta |
| | 07 November 2016 | Speakers at the Seminar on Indonesia Naik Kelas (Upgraded) organized by Koran Sindo with the theme "Making State Owned Enterprises as Locomotive Development " | Hotel Kempinski - Jakarta |
| | 15 November 2016 | Workshop on the Scheme of PGN-PLN Synergy in Supplying Natural Gas to Electricity Sector | Hotel Four Season – Jakarta |
| | 17 November 2016 | Morgan Stanley AP Summit Conference 2016 | Hotel Mandarin Oriental - Jakarta |
| | 30 November 2016 | Workshop on the Digitalization and Utilization of Big Data Analysis in the Context of State Owned Enterprise Synergy Optimization | PT Bank Mandiri ofice - Jakarta |

## BOARD OF DIRECTOR'S MEETING AND DECISION

Based on the OJK (Financial Services Authority) Regulation No. 33 / POJK.04 / 2014 of the Board of Directors and Board of Commissioners of Public Listed Company and Articles of Association, the Board of Commissioners shall hold meetings at least 1 (one) time in 2 (two) months and a periodical joint meeting with the Board of Directors at less than 1 (one) time in 4 (four) months.

With regard to the Board of Directors, OJK (FSA) Regulation No. 33 / POJK.04 / 2014 concerning the Board of Directors and Board of Commissioners of Public Listed Company and Articles of Association require the holding of periodic Board of Directors meeting at least 1 (one) time in every month and must convene a period joint meeting between the Board of Commissioner and Directors at least 1 (one) time in 4 months.

## PGN BOARD OF DIRECTORS MEETING IN 2016

Implementation of the Board of Directors Meeting is based on the Articles of Association of the Company, the implementation of which consists of two periods refer to the membership of the Board of Directors, namely:

- Period of 6 January 2016 - 7 April 2016
- Period of 8 April 2016 - 31 December 2016

Decision making by the Board of Directors is conducted in two forms, namely: Meetings of the Board of Directors held physically and Decision made by the Board of Directors by way of circular.

### PERIOD 06 JANUARY – 07 APRIL 2016

| No. | Date | Meeting Agenda | Hendi Prio Santoso | Djoko Saputro | Jobi Triananda Hasjim | Mochtar Riza Pahlevi Tabrani | Muhammad Wahid Sutopo | Hendi Kusnadi |
|---|---|---|---|---|---|---|---|---|
| 1 | 06 January 2016 | 1. Data Management<br>2. Presentation of Gas Distribution to the Customers<br>3. New Business Development<br>4. Presentation of Gas Supply<br>5. Synergy PGN - SOE Subsidiary | √ | √ | √ | √ | √ | √ |
| 2 | 20 January 2016 | 1. Synergy PGN - SOE Subsidiary<br>2. Update on the Development of Transmission Network<br>3. Update on the Development of Domestic Gas Network | √ | √ | √ | √ | √ | √ |
| 3 | 25 January 2016 | 1. Synergy PGN – SEO Subsidiary 2. Regulation Update Gas Governance<br>2. Update presidential decree on natural gas governance<br>3. Gas Price for Distribution Area<br>4. Plan for Gas Distribution in Western Java<br>5. Assessment Talent<br>6. Preparation of Annual General Shareholder Meeting | √ | √ | √ | √ | √ | √ |
| 4 | 02 February 2016 | Presentation on the Preparation Material to Stakeholders | √ | √ | √ | √ | √ | √ |
| 5 | 25 February 2016 | 1. Audit of Financial Statements for Fiscal Year 2015<br>2. Scheme of Gas Distribution to Customers<br>3. Certification and Licensing project | √ | √ | √ | √ | √ | √ |

| No. | Date | Meeting Agenda | Hendi Prio Santoso | Djoko Saputro | Jobi Triananda Hasjim | Mochtar Riza Pahlevi Tabrani | Muhammad Wahid Sutopo | Hendi Kusnadi |
|---|---|---|---|---|---|---|---|---|
| 6 | 02 March 2016 | 1. Presentation of the Gas Distribution Plan from Manufacturer to Customer<br>2. Payment Guarantee Policy<br>3. Simplification of Gas Subscription Procedure<br>4. Distribution of Gas to PLN | √ | √ | √ | √ | √ | √ |
| 7 | 15 March 2016 | 1. Update on the Audit of Financial Statements<br>2. Preparation of Annual General Shareholder Meeting<br>3. Update on the Development and Operation of Jargas (Gas Distribution) | √ | √ | √ | √ | √ | √ |
| 8 | 30 March 2016 | 1. Preparation of Materials for Annual General Shareholder Meeting<br>2. Extension of Gas Distribution to Customers<br>3. Presentation of PT PGN LNG Indonesia Subsidiary | √ | √ | √ | √ | √ | √ |
| 9 | 06 April 2016 | 1. Distribution of Gas to PLN in the Provision of Gas Supply for Meeting the Needs of National Electricity<br>2. Proposed Gas Prices for Western Java Area<br>3. New Business Development Cooperation<br>4. Assessment of 2015 Performance Level Vice President | √ | √ | √ | √ | √ | √ |
| 10 | 07 April 2016 | 1. Discussion on the Presentation of Annual GSM<br>2. Exposure on the Activity of Business Unit Infrastructure and Operations | √ | √ | √ | √ | √ | √ |
| Total Attendance | | | 10 times | 10 times | 10 times | 10 times | 10 times | 10 times |
| % Total Attendance | | | 100% | 100% | 100% | 100% | 100% | 100% |

## BOARD OF PGN DIRECTORS MEETING IN 2016 PERIOD 08 APRIL 2016 – 31 DECEMBER 2016

| No. | Date | Meeting Agenda | Hendi Prio Santoso | Muhammad Wahid Sutopo | Dilo Seno Widagdo | Danny Praditya | Hendi Kusnadi | Nusantara Suyono |
|---|---|---|---|---|---|---|---|---|
| 1 | 11 April 2016 | Distribution of Duties and Authority of the Board of Directors | √ | √ | √ | √ | √ | √ |
| 2 | 19 April 2016 | 1. KPI Recommendations in 2016<br>2. Funding for Subsidiary<br>3. Plan Business Unit Jargas (Gas Network)<br>4. Miscellaneous | √ | √ | √ | √ | √ | √ |
| 3 | 04 May 2016 | Discussion on the Revised RKAP (CBP) 2016 | √ | √ | √ | √ | √ | √ |
| 4 | 09 May 2016 | Discussion on the Revised RKAP (CBP) 2016 | √ | √ | √ | √ | √ | √ |

| No. | Date | Meeting Agenda | Hendi Prio Santoso | Muhammad Wahid Sutopo | Dilo Seno Widagdo | Danny Praditya | Hendi Kusnadi | Nusantara Suyono |
|---|---|---|---|---|---|---|---|---|
| 5 | 17 May 2016 | 1. Integrated Solution for Natural Gas Infrastructure<br>2. Proposed Gas Selling Prices to Customers<br>3. Presentation by Gas Supply Division<br>4. Consultant Procurement<br>5. Update on the Establishment Plan for Oil and Gas Holding | √ | √ | √ | √ | √ | √ |
| 6 | 25 May 2016 | Discussion on the Revised RKAP (CBP) 2016 | √ | √ | √ | √ | √ | √ |
| 7 | 28 May 2016 | Discussion on Strategic Projects | √ | √ | √ | √ | √ | √ |
| 8 | 07 June 2016 | 1. Presentation of Human Capital Management Division<br>2. Discussion on Prices Gas to the Customers | √ | √ | √ | √ | √ | √ |
| 9 | 14 June 2016 | 1. Quotation and Payment of the Natural Gas related to the Application of PBI No.17 / 3 / PBI / 2015<br>2. Discussion on the Proposed Revision for CBP 2016<br>3. Impaired Gas Distribution of Jargas Semarang<br>4. Presentation of PT PGN LNG Indonesia<br>5. Distribution of Gas<br>6. Optimization of Gas Sales to Customers | √ | √ | √ | √ | √ | √ |
| 10 | 26 June 2016 | 1. Approval of Business Development<br>2. Approval of the PGNMAS Housing Development Project For PGN Group<br>3. Amendments of PT Permata Graha Nusantara Article of Association | √ | √ | √ | √ | √ | √ |
| 11 | 25 July 2016 | Discussion on the Draft Bil lof Natural Gas resurnce | √ | √ | √ | √ | √ | √ |
| 12 | 04 August 2016 | 1. Gas Distribution Plan<br>2. Update on the Development of Gas Transmission Pipeline<br>3. Discussion of Customer Receivables<br>4. Gas Supply Update<br>5. Discussion on the Guideline of RKAP (CBP) 2017<br>6. Discussion on Strategic Plan for Natural Gas Infrastructure<br>7. Management Initiative Corporate Business Development Strategy<br>8. Miscelaenous | √ | √ | √ | √ | √ | √ |
| 13 | 16 August 2016 | 1. Discussion of Financial Performance in the First Half of 2016<br>2. Presentation of the Directorate of Commerce<br>3. Presentation of Strategic Planning Division | √ | √ | √ | √ | √ | √ |
| 14 | 21 September 2016 | 1. Discussion on Important Cases<br>2. Discussion on Gas Supply<br>3. Discussion on Technical and Commercial Initiatives Project | √ | √ | √ | √ | √ | √ |

| No. | Date | Meeting Agenda | Hendi Prio Santoso | Muhammad Wahid Sutopo | Dilo Seno Widagdo | Danny Praditya | Hendi Kusnadi | Nusantara Suyono |
|---|---|---|---|---|---|---|---|---|
| 15 | 10 October 2016 | 1. The use of CNG to the Needs of Commercial and Small Sector Customers<br>2. Proposed Cooperation for Industrial Area<br>3. SOE Synergy in Energy Supply<br>4. Gas Transportation Plan<br>5. Gas Distribution Project | √ | √ | √ | √ | √ | √ |
| 16 | 18 October 2016 | 1. Prognosis RKAP (CBP) 2016 & RKAP (CBP) proposal 2017<br>2. Ministerial Regulation 19<br>3. Organizational Structure BU Jargas (Gas Pipeline Business Unit) | √ | √ | √ | √ | √ | √ |
| 17 | 02 November 2016 | 1. The Health Benefits of Directors<br>2. Discussion on Gas Prices<br>3. Miscellaneous | √ | √ | √ | √ | √ | √ |
| 18 | 08 November 2016 | Prognosis Discussion on RKAP (CBP) 2016 & Proposed RKAP (CBP) 2017 | √ | √ | √ | √ | √ | √ |
| 19 | 15 November 2016 | 1. Presentation of PT Saka Energi Indonesia<br>2. Report on Oil and Gas Holding Establishment Pla | √ | √ | √ | √ | √ | √ |
| 20 | 25 November 2016 | Presentation on Transformation Division | √ | √ | √ | √ | √ | √ |
| 21 | 29 November 2016 | 1. Update on Gas Transmission Pipeline Project<br>2. Preparation on the Socialization of Oil and Gas SOE Holding<br>3. Discussion on Risk Profile | √ | √ | √ | √ | √ | √ |
| 22 | 19 December 2016 | 1. Discussion on Gas Prices for Household Customer<br>2. Presentation of PT Gagas Energi Indonesia<br>3. Discussion on Gas<br>4. Discussion on the Industrial Area<br>5. Discussion on Customer Contract | √ | √ | √ | √ | √ | √ |
| Total Attendance | | | 22 times | 22 times | 22 times | 22 times | 22 times | 21 times |
| % Total Attendance | | | 100% | 100% | 100% | 100% | 100% | 96% |

Decisions of Board of Directors are conducted circularly as follows:

| No | Date of Meeting | Subject Matters |
|---|---|---|
| 1 | 29 January 2016 | Gas prices |
| 2 | 9 February 2016 | The Establishment of Subsidiary |
| 3 | 29 February 2016 | Gas Supply |
| 4 | 2 March 2016 | Gas Price |
| 5 | 30 March 2016 | Gas Sales Agreement |
| 6 | 18 July 2016 | Appointment of Consultants |
| 7 | 16 November 2016 | New Project Development |

## BOARD OF DIRECTOR AND CORPORATE PERFORMANCE ASSESMENT

### Board of Director and Corporate Performance Assesment Procedure

Board of Director and Corporate performance was assessed by KPI based on SOE's Kriteria Penilaian Kinerja Unggul (KPKU) which refer to Letter from Ministry of State-Owned Enterprise No. S-08/S.MBU/2013 dated 16 January 2013 concerning the Submission KPI Guideline and Superior Criteria Performance Assessments for SOE which was adapted from Malcolm Baldridge system and evaluated by certified evaluator team which was appointed by the Ministry of SOE.

### Board of Director and Corporate Performance Assesment Criteria

Criteria/ Indicator to assess Board of Directors and Corporate Performance was based on Letter from Ministry of State-Owned Enterprise No. S-08/S.MBU/2013 dated 16 January 2013 concerning the Submission KPI Guideline and Superior Criteria Performance Assessments for SOE which include:

1. Implementation on Board of Director's task and responsibility based on Company's Article of Association
2. Realization on AGMS 2016 resolution result
3. Board of Director Key Performance Indicator (KPI) realization in 2016 which is based on Superior Criteria Performance Assessment (KPKU) which include 5 (five) perspective:
   a. Financial and Market Perspective
   b. Customer Focus Perspective
   c. Product and Process Effectiveness Perspective
   d. Manpower Focus Perspective
   e. Leadership, Governance, and Social Responsibility Perspective

### Board Of Director And Corporate Performance Assesment Evaluator

Assessment to performance of Board of Directors through KPI KPKU (Featured Performance Assessment Criteria) is performed by a certified evaluator team appointed by Ministry of SOE. Assessment by Certified Evaluator Team.

The following is Key Performance Indicator (KPI) of the company which focuses on aspects of the most dominant performance of company in determining the success of company at present and in the future. Realization score of company's KPI of 2016 was 102.24.

| KPKU-based Key Performance Indicator | | Quality | Target of 2016 | % Realization | Score |
|---|---|---|---|---|---|
| 1 | | 2 | 3 | 4 | 5 = 2 x 4 |
| | **Effectiveness of Product and Process** | **20** | | | **20.36** |
| I-1 | Volume of Gas Management (Distribution + Transportation of PGN + Transmission (KJG)) | 11 | 897.8 mMscfd | 101.67 | 11.18 |
| I-2 | Infrastructure Reliability | 9 | 98% | 101.99 | 9.18 |
| | **Customers** | **22** | | | **21.79** |
| II-1 | Customer satisfaction Index | 10 | 5.10 | 105 | 10.50 |
| II-3 | Customer Retention Rate | 12 | 179.598 | 94.08 | 11.29 |
| | **Focus of Labor** | **17** | | | **17.85** |
| III-1 | Development of Labor | 17 | 100% | 147 | 17.85 |
| | **Leadership and Social Responsibility** | **17** | | | **17.58** |
| IV-2 | Score of KPKU | 8 | EIL (585.00) | 105 | 8.40 |
| IV-3 | Score of GCG | 9 | Very Good (92.14%) | 101.95 | 9.18 |
| | **Finance and Market** | **24** | | | **24.66** |
| V-1 | Profit of Operation | 12 | USD 434.86 million | 102.15 | 12.26 |
| V-3 | Development of Infrastructure | 12 | 90% | 103.37% | 12.40 |
| | **Total Score** | **100** | | | **102.24** |

## BOARD OF DIRECTOR'S REMUNERATION

### Procedure And Stipulation Principle

### Board Of Directors Remuneration Procedure

Stipulation of remuneration for The Board of Commissioners refers to Regulation of Minister of State Owned Enterprises number: PER-04/MBU/2014 regarding of the stipulation guidance of earnings of Board of Directors, Board of Commissioners, and Board of Supervisors of the State Owned Enterprises as amended by Regulation of Minister of State Owned Enterprises of the Republic of Indonesia number: PER-02/MBU/06/2016 dated of 20 June 2016.

Based on the Regulation of Minister of SOE, principle of earnings stipulation of Board of Director was stipulated by General Meeting of Shareholders of accounting year of 2015 dated of 8 April 2016 where the components of earnings of Board of Directors consist of:

a. Salary/honorarium;
b. Allowances consist of:
   1) Allowance of religious feast-day;
   2) Insurance of pension;
   3) Allowance of housing.
c. Facilities consist of:
   1) Facility of vehicle;
   2) Health benefits;
   3) Legal aid; and
d. Bonus/Incentive of performance, where in the bonus can be added an extra in form of Long Term Incentives (LTI).

### Board Of Directors Remuneration Structure

Based on regulation of Minister of State Owned Enterprises of the Republic of Indonesia number: PER-02/MBU/06/2016 regarding of amendment of regulation of minister of State Owned Enterprises number: PER-04/MBU/2014 regarding of stipulation guidance of earnings of Board of Directors, Board of Commissioners, and Board of Supervisors of the State Owned Enterprises, principle of stipulation of earnings of Board of Directors is stipulated by General Meeting of Shareholders. Components of earnings of Board of Directors consist of:

1. Salary
   a. Salary of President Director is stipulated by using the internal guidance stipulated by Minister of SOE;
   b. Salary of other members of Board of Directors is stipulated with composition of Office Factor by 90% of President Director's salary.
2. Allowance for Board of Directors
   a. Allowance of religious feast-day
      Allowance of Feast-day is given in the amount of one of Salary.
   b. Allowance of housing.
      Allowance of housing is included for utility costs given monthly by 40% of salary. The allowance is distributed if SOE does not provide facility of official residence for Board of Directors.
   c. Insurance of pension
      - Insurance of pension is given during the serving (starts from the appointment to the retirement):
      - The premium paid by the Company shall be 25% of the Salary within one year.
      - The selection of program for insurance of pension is stipulated by each member of Board of Directors, Board of Commissioners, and Board of Supervisors of State Owned Enterprises.
      - The distribution of premium, dues or other relevant terms for insurance of pension is included for premium for insurance of accident and death
3. Facilities
   a. Facility of vehicle;
      - Member of Board of Directors has a right only for 1 (one) facility of vehicle from company;
      - Facility of vehicle is included for cost of maintenance and operation given by taking notice the company's financial condition.
      - Specification and standard of vehicle is stipulated by General Meeting of Shareholders/Minister
      - In case of member of Directors does not serve anymore, that he/she must return his/her service vehicle to related SOE no later than 30 (thirty) days after off position.
      - in case of member of directors holds concurrent position as a member of Board of Commissioners in a subsidiary/joint venture company, and he/she chooses to use the facility of vehicle/allowance of transportation of the subsidiary/joint venture company (if provided), then he/she does not accept facility of vehicle and allowance of transportation from related SOE anymore.

b. Health benefits;
   - Health benefits is given in the form of health insurance or medical reimbursement;
   - Health benefits is given to member of Board of Commissioners therewith a wife/husband and maximum of 3 (three) children who is under 25 years old in accordance with the applicable provision;
   - The given facilities are in the form of outpatient and medicines, inpatient and medicines, and medical check-up.
   - Medical Check up is given with the following provision:
     a. Medical Check up is given 1 (once) in a year
     b. Medical Check up is conducted only in Indonesia.
   - In case of Board of Directors holds concurrent position as a member of Board of Commissioners in a subsidiary/joint venture company, then he/she only gets a health benefits that is from SOE.

c. Legal aid facility
   1. Legal aid facility is given in case of occurring of action/doing for and on behalf of the office related to the purpose and activities of the company's business.
   2. Member of Directors who will use the legal aid facility must make a statement letter at the sufficiently stamped paper which elaborates his/her position in the particular case not as a person and willing to return the legal aid facility to company if evidently his/her position in that case as a person is proved.
   3. Legal aid facility is given in form of financing of services of lawyer's office/legal consultant that covers process of investigation as a witness, suspect, and defendant in the judiciary.
   4. Services of lawyer's office/legal consultant in which its financing can be charged to company is only for a lawyer's office/legal consultant and for a particular case.
   5. Appointment of lawyer's office/legal consultant is performed by company in accordance with the procurement provisions applicable to the respective companies.
   6. In case of the concerned person is convicted and sentenced by court with a permanently binding decision, then the cost of lawyer/legal consultant either has been issued or which has not been paid by the company to be a burden of the concerned.
   7. In case of the concerned person is acquitted / found not guilty by court with permanently binding decision, then the cost of lawyer's office / legal consultant became the company's expense.
   8. The cost of lawyer's office/legal consultant is provided by taking notice the principles of fairness, transparency, and accountability in accordance with the applicable provision and taking notice the company's financial capability.
   9. During the legal issues do not have a permanent legal force, then insurance of pension of the member of Board of Directors is not paid and included into a special account held by the Board of Directors of SOE as security for court fees incurred by the company. Board of Directors members who receive legal aid facilities required to make a statement letter at the sufficiently stamped paper which states that he/she is making his/her insurance of pension as security for court fees incurred by the company
   10. In case of Board of Directors members appoint lawyer/legal consultant by his/her own choice both at the inquiry/investigation, court of first instance, appeal, cassation or judicial review, then the cost of lawyer/legal consultant is not covered/reimbursed by the company.
   11. For Board of Directors members in which using lawyer's office/legal consultant paid by company should make a statement letter to return the costs incurred by company when he/she is convicted by court with permanently binding decision.

12. Company will not bear the cost of lawyer/legal consultant in case of Board of Directors members become witness, suspect or defendant because of criminal proceedings reported by the concerned SOE, State (State as a legal board or state institutions or government agencies) or other particular party stipulated by General Meeting of Shareholders/Minister.
13. The sued Board of Directors member is prohibited to be involved in decision-making regarding the appointment of a lawyer / legal consultant
14. In the case of civil or State Administration (TUN), the court fee is borne by the company, as long as:
    a) Lawyer / legal consultant who appointed is only one lawyer's office / consultant for a particular case;
    b) Appointment of lawyer's office/legal consultant is performed by company in accordance with the procurement provisions applicable to the respective companies;
    c) Costs of lawyer/legal consultant are official costs and legally accountable;
    d) Members of Board of Directors of SOE are sued because the legal issues occurred because of execution of company's duties in accordance with the applicable provision;
    e) The plaintiff or the sued are parties other than the concerned SOE, State (State as a legal board or state institutions or government agencies) or other particular party stipulated by General Meeting of Shareholders/Minister.
15. SOE must provide legal aid facility to former members of board of Directors in case of there is legal issues which occurred because the concerned person performed actions/deeds for and on behalf of the his/her position that related to the intent and purpose as well as the company's business activities that he/she performed during serving as member of board of Directors.
16. The provisions concerning the provision of legal aid facilities referred to in point 1) up to number 14), applicable to the provision of legal aid facilities for former members of the Board of Directors of SOE as referred to in item 15). The facility of housing accepted by Directors is included for utilities and home maintenance.

4. Bonus/Incentive of performance
    a. The giving of bonus/incentive of performance to Board of Commissioners is based on the stipulation of General Meeting of Shareholders/Minister in the ratification of the annual report when:
        - Realization of the lowest level of health reaches 70; or
        - Target of level of health in the Company's Work Plan and Budget is reached although it is under 70.
    b. Bonus/Incentive of performance is a cost burden of the related accounting year therefore it should be budgeted specifically in The Company's Work Plan and Budget of its year so that the distribution of bonus/incentive of performance does not exceed the budget of bonus/incentive of performance which has been stipulated in The Company's Work Plan and Budget.
    c. The composition of the amount of bonus/incentive of performance as follows:
        - President Director 100%;
        - Member of Director: 90% of President Director
    d. An extra of Long Term Incentive can be added to the bonus.

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 8 April 2016 and Letter of Main Commissioner to President Director of PT PGN (Limited) Tbk No. 29 / D-KOM / 2016 dated 29 June 2016 with reference to the letter of the Minister of SOE No.: S-83/D2.MBU/06/2016 dated 28 June 2016 regarding stipulation of salary/honorarium, allowances and facilities for year of 2016 and bonus of performance of accounting year 2015;

The structure of the remuneration of Directors (in one year) 2016 as follows:

**REMUNERATION OF BOARD OF DIRECTOR PER YEAR 2016**

| No | Commponents | President Director (Rp) | Director (Compound) (Rp) | Amount (Rp)) |
|---|---|---|---|---|
| 1 | Salary (net) | 1.965.600.000,- | 8.845.200.000,- | 10.810.800.000,- |
| 2 | Allowances (net) | | | |
| | • Allowance of religious feast-day | 163.800.000,- | 737.100.000,- | 900.900.000,- |
| | • Insurance of pension | 491.400.000,- | 11.056.500.000,- | 11.547.900.000,- |
| | - Allowance of housing. | 330.000.000,- | 1.650.000.000,- | 1.980.000.000,- |
| | TOTAL | 2.950.800.000,- | 22.288.800.000,- | 25.239.600.000,- |
| 3 | Bonus (Gross) | 9.819.678.519,- | 44.188.553.335,- | 54.008.231.854,- |
| 4 | Other facilities | At cost referred to in PER-04/MBU/2014 jo. PER-02/MBU/2016 | | |

*Notes:*

1. *Values listed in column of Director are the combined value of 5 Directors who each have the same amount of income for each other.*
2. *For salary component, Insurance of pension, Housing Allowance and performance bonus are paid proportionately to tenure.*

### INDICATORS FOR THE DETERMINATION FOR BOARD OF DIRECTORS REMUNERATION

In the formulation of indicators of the remuneration of Directors, the Committee of Nomination and Remuneration, and GCG assisted by Independent Consultants PT Mercer Indonesia ("Mercer") to conduct a study before the results of the study submitted to the Board of Commissioners. Result of discussion of the study will be proposed to the minister of SOE as the Shareholders of Seri A Dwiwarna. The methods used Mercer are:

1. Reviewing the Remuneration of Directors of PGN by comparing it to the state of the market;
2. In determining the market data related to remuneration, Mercer will compares the remuneration system of PGN to the company included in Fortune 500.
3. The parameters used in the selection of the global market that a comparison is viewed from net revenue, the business sector (energy sector), and the state.

## DIVERSITY ON BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS COMPOSITION

The composition of board of Commissioners and Board of Directors diverse from education side, work experience, age, and type of sex. However, the terms of appointment of the Board of Directors and the Board of Commissioners must observe the following rules:

- Regulation of the Minister of SOE no. PER-03/MBU/02/2015 dated 18 February 2015 regarding requirements, procedure of appointment and dismissal of Board of Directors Members of State Owned Enterprises;
- Regulation of the Minister of SOE no. PER-02/MBU/02/2015 dated 18 February 2015 regarding requirements, procedure of appointment and dismissal of memeners of Board of Commissioners and Board of Supervisors of State Owned Enterprises;
- Regulation of the Financial Services Authority No. 33 / POJK.04 / 2014 regarding the Board of Directors and Board of Commissioners of Public Company, which emphasizes on skill, integrity, leadership, experience, good conduct, legally competent, and high dedication to promote and develop Company

# AFFILIATE RELATIONS BETWEEN MEMBERS OF THE BOARD OF DIRECTORS, BOARD OF COMMISSIONERS, AND MAJOR SHAREHOLDERS AND / OR CONTROLLING

## AFFILIATE RELATION OF DIRECTORS PERIOD 1 JANUARY – 8 APRIL 2016

| Name | Position | Family Relationship With | | | Financial Relationship With | | | Share Ownership in PGN *) |
|---|---|---|---|---|---|---|---|---|
| | | Other Commissioner | Board of Directors | Main Shareholder | Other Commissioner | Board of Directors | Main Shareholder | |
| Hendi Prio Santoso | President Director | X | X | X | X | X | X | X |
| Mochtar Riza Pahlevi Tabrani | Director of Finance | X | X | X | X | X | X | X |
| Djoko Saputro | Director of Infrastructure and Technology | X | X | X | X | X | X | √ |
| Muhammad Wahid Sutopo | Director of Strategy and Business Development | X | X | X | X | X | X | X |
| Jobi Triananda Hasjim | 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 | √ |

## BOARD OF DIRECTORS AFFILIATION RELATIONS PERIOD OF 1ST JANUARY – 8TH APRIL 2016

| Name | Position | Family Relationship With | | | Financial Relationship With | | | Share Ownership in PGN *) |
|---|---|---|---|---|---|---|---|---|
| | | Other Commissioner | Board of Directors | Main Shareholder | Other Commissioner | Board of Directors | Main Shareholder | |
| 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 Servce | X | X | X | X | X | X | √ |

*) Share ownership of Board Directors and Family

## COMMISSIONER AFFILIATION RELATIONS PERIOD OF 1ST JANUARY – 8TH APRIL 2016

| Name | Position | Family Relationship With | | | Financial Relationship With | | | Share Ownership in PGN *) |
|---|---|---|---|---|---|---|---|---|
| | | Other Commissioner | Board of Directors | Main Shareholder | Other Commissioner | Board of Directors | Main Shareholder | |
| Imam Sugema | President/ Independent 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 Commissioner | X | X | X | X | X | X | X |

### COMMISSIONER AFFILIATION RELATIONS PERIOD OF 8TH APRIL – 31ST DECEMBER 2016

| Name | Position | Family Relationship With | | | Financial Relationship With | | | Share Ownership in PGN *) |
|---|---|---|---|---|---|---|---|---|
| | | Other Commissioner | Board of Directors | Main Shareholder | Other Commissioner | Board of Directors | Main Shareholder | |
| 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 | Commissioner Independen | X | X | X | X | X | X | X |
| Kiswodarmawan | Commissioner Independen | X | X | X | X | X | X | X |

*) Share ownership of Board Directors and Family

# ASSESSMENT ON BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

## BOARD OF COMMISSIONERS AND BOARD OF DIRECTOR'S PERFORMANCE ASSESSMENT PROCESS

In 2016, GCG implementation assessment in the Company has been conducted by PT Citra Solusi Manajemen as independent assessor by using parameter developed by Ministry of SOE according to the Secretary of Minister of SOE Decision Letter Number: SK-16/S.MBU/2012 dated 6th June 2012 on Indicator/Parameter of Assessment and Evaluation on the Good Corporate Governance Implementation to State Owned Enterprise. The Assessment on GCG implementation in 2016 is also part of the sustainable GCG implementation process in PGN, hence, the assessment result is also as the assessment on GCG implementation progress so far.

## BOARD OF COMMISSIONERS AND BOARD OF DIRECTOR'S PERFORMANCE ASSESSMENT CRITERIA AND INDICATOR

The aspect of assessment in GCG assessment in PGN covers: (1) Commitment Towards Sustainable Good Corporate Governance, (2) Shareholder and GMS/Capital Owner, (3) Board of Commissioners/Board of Supervision, (4) Board of Directors, (5) Pengungkapan Informasi dan Transparansi, dan (6) Aspek Lainnya. Jumlah indikator pengujian sebanyak 43 indikator sedangkan jumlah paramater pengujian sebanyak153 parameter.

## GCG ASSESSMENT RESULT FOR BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

In 2016, the assessment result on GCG implementation reached the score of 93,938 with the qualification Very Good. This achievement increased along the years along with PGN's commitment to increase GCG implementation in the Company and follow up the area of improvement of the assessment result. Form the total, assessment on Board of Commissioners and Board of Directors are 31,994 dan 32,861

The score achieved in the Board of Commissioners/Board of Supervision Aspect is 31,994 from the weightage of 35,000 or equal to achievement percentage of 91,41% which means that in general the GCG implementation for Board of Commissioners/Board of Supervision Aspect has run well, such as:

a. Board of Commissioners joins the introduction program and conduct training/development program sustainably.
b. Board of Commissioners conducts clear task delegation, authority and responsibility and set the factors required to support the task implementation.

c. Board of Commissioners provides approval and ratification on RJPP and RKAP plan delivered by Board of Directors.
d. Board of Commissioners directs Board of Directors on the implementation of plan and company policy.
e. Board of Commissioners supervises Board of Directors on the implementation of plan and company policy.
f. Board of Commissioners supervises the management of subsidiary.
g. Board of Commissioners participates in nominating members of Board of Directors, assess the performance of Board of Directors and propose performance royalty/incentive according to the applicable stipulation and considers the performance of Board of Directors.
h. Board of Commissioners takes action on potential conflict of interest that concerns themselves.
i. Board of Commissioners has monitores and ensured that good corporate governance practice has been effectively and sustainably implemented.
j. Board of Commissioners organizes efffective Board of Commissioners meeting and attends Board of Commissioners meeting in accordance to the law and reglations.
k. Board of Commissioners has Secretary of Board of Commissioners to support the Secretarial task of the Board of Commissioners.
l. Board of Commissioners has an effective Committee of Board of Commissioners that is established in terms to support the Board of Commissioners task implementation.

While the GCG implementation condition for Board of Commissioners/Board of Supervision Aspect that still requires attention as area of improvement, are:
a. Stipulation on standard of time of the level of immediacy to communicate the decision taken by Board of Commissioners to Board of Directors has not yet fully regulated.
b. The Board Manual has not yet regulated the stipulation on task and responsibility of the Board of Commissioners to draft the Board of Commissioners annual work plan and measure and assess the performance of Board of Commissioners (self assessment).
c. The Board Manual has not yet regulated the stipulation on task and responsibility of the Board of Commissioners to supervise several policies and its implementation, such as related to IT system policy, HR management policy, accounting policy and drafting the financial statement, procurement policy, quality and service policy, joint subsidiaty management policy as well as the Board of Directors compliance in implementing the applicable law and regluations and agreement with third party.
d. The Board Manual has not yet regulated the policy and criteria of selection for candidate member of Board of Directors, Board of Directors candidate member proposal is submitted to the Shareholders and remuneration proposal for Board of Directors members.
e. Stipulation on guideline/order of Board of Commissioners meeting exists in the Board Manual has not yet fully refulates on the meeting ethics and evaluation on the previous meeting follow up.
f. Committee of Nomination, Remuneration and GCG has no committee charter and not yet draft the committee annual work plan that becomes the guideline for Committee of Nomination, Remuneration and GCG in implementing the tasks and responsiblity.

The score achieved on Board of Directors Aspect is 32,861 from the weightage of 35,000 or equal to the achievement percentage of 93,89% which means that in general, GCG implementation for Board of Directors Aspect has run Very Well. This can be seen from several practices that has run well, such as:
a. Board of Directors has joined introduction program and implement training/development program sustainably.
b. Board of Directors conducts task/funaction delegation, authority and responsibility clearly.
c. Board of Directors drafts complany planning.
d. Board of Directors participates in meeting the company performance taregt.
e. Board of Directors has done the operational and finance control towards the implementation of plan and company policy.

f. Board of Directors manages the company in accordance to the applicable law and regulations and Company Articles of Association.
g. Board of Directors has managed an added-value relationship for the Company and Stakeholders.
h. Board of Directors monitors and manages the potential conflict of interest of Board of Directors members and management below it.
i. Board of Directors ensures that the Company conducts informaiton transparency and communication according to the applicable law and regulations and deliver informaiton to Board of Commissioners and Shahreholders.
j. Board of Directors organizes the Board of Directors meeting and attends the Board of Commissioners meeting according to the law and regulaitons.
k. Board of Directors organizes qualified and effective internal supervision.
l. Board of Directors organizes the function of qualified and effective Corporate Secretary.
m. Board of Directors organizes GMS according to the law and regulations.

Meanwhile, the conditions for the GCG implementation aspect of Directors that require attention and areas of improvement are:
a. Non-existing provisions on the level of urgency to communicate the decisions of the Board of Directors to the level of the organization under the Board of Directors.
b. Policies regarding the administration of the parent company and subsidiary (subsidiary governance) have not been issued and do not contain several provisions, among others: the mechanism of appointment of the Board of Commissioners and Board of Directors of subsidiaries, establishing performance targets and performance assessment systems and salary / honorarium of subsidiary companies, allowances and facilities for the Board Commissioners and Directors of subsidiaries.
c. Policies related to the relationship with creditors do not provide further clarification regarding the fulfillment of obligations to creditors according to the agreement, the company's guarantee to do or not do something to protect the interests of creditors and the existence of corporate policies as guarantor (avalist).
d. Decrease in employee satisfaction survey results compared to the previous year.
e. Their concerns about bad debt related to the implementation of CSR programs that affect the rate of loan payment collectivity.
f. Submission of a performance report to shareholders has not been fully complied with requirements.
g. Provisions concerning the guidelines/rules existing Board of Directors Meeting in Board Manual do not completely regulate the ethics of the meeting and the implementation of follow-up evaluation of the previous meeting.
h. The auditors in the Internal Audit Division are outnumbered to the workload and the current needs of the Company.
i. Head of Internal Audit Division does not have the auditing profession certification.
j. The Board of Directors Meeting does not include the meeting dynamics in the minutes to reflect the proceedings.

## COMMITTEES

According to regulations PER-12/MBU/2012 on the Board of Commissioners/Supervisory Board of State-Owned Enterprises supporting organ and in order to implement the provisions of Article 2 of Regulation Financial Services Authority No. 34/POJK.04/2014 on the NRC Public Company, in 2016, three Committees assist the Board of Commissioners, namely:
1. Audit Committee;
2. Risk Management Monitoring and Business Development Committee;
3. Nomination, Remuneration and Good Corporate Governance.

In October 2016, GCG functions in the Nomination, Remuneration and Good Corporate Governance were removed. Further GCG functions are included in the Risk Management Monitoring and Business Development Committee.

## AUDIT COMMITTEE

The Audit Committee of PT Perusahaan Gas Negara (Persero) Tbk. was formed by Bapepam Number: IX.I.5 on the Establishment and Implementation Guidance of the Audit Committee, which is Attachment of the Decision of the Chairman of Bapepam Number: Kep-29/PM/2004 dated 24 September 2004, as amended and became the Decision of the Chairman of Bapepam LK Attachment No. 643/BL/2012 dated December 7, 2012, in conjunction with Regulation of Bapepam No .: XK6 on Obligation to Submit Annual Report for Issuers or Public Company that is Attachment of the Decision of the Chairman of Bapepam Number: Kep-134 / BL / 2006 dated December 7, 2006, and the Rules of Indonesian Exchange (previously known as Bursa Efek Jakarta) No. IA regarding provisions on General Registration of Equity on the Stock (Annex II Decision of the Board of Directors of Jakarta Stock Exchange Number: Kep-305 / BEJ / 07-2004 dated 19 July 2004).

Establishment of Audit Committee also refers to Law No. 19 of 2003 dated June 19, 2003 on SOE article 70 which states that the SOE Commissioners and the Boards of Trustees are required to establish the Audit Committee. Further rules regarding the Audit Committee contained in the Regulation of the State Minister for State Owned Enterprises Number Per-12 / MBU / 2012 on the BOC / Supervisory Board Supporting Organ of the State Owned Enterprises that changed from the Minister for State Owned Enterprises Number Per-10 / MBU / 2012 on BOC / Supervisory Board Supporting Organ of the State Owned Enterprises. The Decision of SOE Ministerial No. KEP-117 / M-MBU / 2002 on the Implementation of Good Corporate Governance in SOEs, there are also some of the provisions governing the Audit Committee, Ministry of Finance of the Republic of Indonesia Number: 88 / PMK.06 / 2015 on the Application of Rules Good Corporate governance At-Owned Company (Persero) Under Development and Supervision of the Ministry of Finance and the Financial Services Authority Regulation No. 55 / POJK.04 / 2015 on the Establishment and Implementation Guidance of the Audit Committee.

### Composition of Audit Committee

Members of the Audit Committee throughout 2016 are as follows:

**JANUARY 2016 – MARCH 2016**

| | | |
|---|---|---|
| Chairman | : | Paiman Raharjo – Komisaris Independen |
| Member | : | M. Slamet Wibowo |
| Member | : | Yovita Lasti Handini |
| Member | : | Kurnia Sari Dewi |
| Member | : | Achmad Surya Abadi (sampai dengan 20 Maret 2016) |

**APRIL 2016 - JUNE 2016**

| | | |
|---|---|---|
| Chairman | : | Paiman Raharjo – Komisaris Independen |
| Member | : | M. Slamet Wibowo |
| Member | : | Yovita Lasti Handini |
| Member | : | Kurnia Sari Dewi |
| Member | : | Moh. Nasir |

**JULY 2016 – SEPTEMBER 2016**

| | | |
|---|---|---|
| Chairman | : | Paiman Raharjo – Komisaris Independen |
| Member | : | M. Slamet Wibowo |
| Member | : | Yovita Lasti Handini |
| Member | : | Kurnia Sari Dewi |

**OCTOBER 2016 – DECEMBER 2016**

| | | |
|---|---|---|
| Chairman | : | Paiman Raharjo – Komisaris Independen |
| Member | : | Tirta Hidayat – Komisaris |
| Member | : | Luki Karunia |
| Member | : | Yovita Lasti Handini |
| Member | : | Kurnia Sari Dewi |

### AUDIT COMMITTEE TRAINING PROGRAM

During 2016, the Audit Committee members did not attend training programs, workshops, conferences or seminar.

**Profiles of the Committee members**

### PAIMAN RAHARJO

Chairman of the Audit Committee since April 6. 2016 until now.

Indonesian, born in Klaten, Central Java on 15 June 1967. Received bachelor degree in Public Administration in 1994, Master degree in Financial Management in 1997 and Public Administration in 2003, and PhD in Public Administration in 2012 from the University of Padjadjaran in Bandung. His daily activities as Director of the Graduate Program at the University Prof. DR. Moestopo (Religion). Joined PT. PGN since April 6. 2015 as the Independent Commissioner, as well as Chairman of the Audit Committee.

### ACHMAD SURYA ABADI

Member of the Audit Committee (since June 1st, 2015)

Member of the Audit Committee since June 1, 2015. Received bachelor degree in 1991 from the Faculty of Agricultural Technology, Bogor Agricultural Institute, and master degree in Strategic Management International Studies, Prasetya Mulya Business School in in 2008. Worked as Head of Marketing and Finance in PT. PNM Venture Capital, PT. Orix Indonesia Finance, and as Finance & Operations Director at PT. Capitalinc Finance (member of Recapital Group) since 2012. Died on March 20, 2016.

### M. SLAMET WIBOWO

Member of the Audit Committee (since April 1, 2007)

Indonesian citizen, born in Jakarta on October 28, 1964. He worked as an accountant / consultant at the KPMG Hanadi Sudjendro firm, The Flagler Management Group and G. Fraley CPA. Working as lecturer in te Faculty of Economics, University of Indonesia since 1987. Last Education Diplôme Européen de 3ème Cycle Matis of La Conférence Universitaire de Suisse Occidentale et La Conférence Universitaire Rhône-Alpes and Diplôme d'Etudes Approfondies (DEA) of the Université Pierre Mendes - France Grenoble in field management of Information Systems and a Master of Business Administration from the University of Missouri Kansas City.

### YOVITA LASTI HANDINI

Member of the Audit Committee (since May 1st, 2015)

Member of the Audit Committee since May 1, 2015. She worked as a consultant at CDR Consultants, Seattle, USA, and as a Project Engineer in Sherman Homes, Bellevue, USA. She currently works as the Superintendent at Bhakti Pembangunan Indonesia Foundation until now. She received Bachelor Degree on Construction Management from Colorado State University, and a Master Degree on Construction Management from University of Washington.

### KURNIA SARI DEWI

Member of the Audit Committee (Since June 1st, 2015)

He worked as an auditor at KAP Hans Tuanakotta Mustafa (Deloite Touche Tohmatsu) and KAP Tanubrata Sutanto Fahmi & Partners (BDO Indonesia). He once worked as Dept. Head of Internal Control and Evaluation Procedure at PT Metlife Sejahtera. Commissioner Amarta Technical Repair until 2009. Works as a lecturer at the Faculty of Economics, University Professor DR. Moestopo (Religion). She received bachelor degree in Accounting from Department of Economics, University of Brawijaya, Malang. Master degree in Master of Business Administration, University of Birmingham, UK and MSi in Public Administration, University Professor DR. Moestopo (Religion).

### MOH. NASIR

Member of the Audit Committee (since 1 April 2016)

He worked as an auditor at KAP SIE & Co. Jakarta. Herman Juwono & Partners KAP, KAP Saso Mulyo. Besides, he also worked in accounting section at PT Golden Pig Farm and PT. Budi Darma. He was once a Professor at Faculty of Economics, University DR. Moestopo (Religion). He currently works as a supervisor at the Foundation University Prof. DR. Moestopo (Religion). He has a bachelor degree in management from the University of Prof. DR. Moestopo (Religion) and in accounting from University of Indonesia.

## LUKI KARUNIA

Member of the Audit Committee (Since October 1st, 2016)

He worked as an auditor at KAP Soeharto & Associates. He worked as a lecturer in the Graduate Program in University Prof. DR. Moestopo (Religion) and the Graduate Program in Institute of PERBANAS. As well as pursue in college undergraduate program such as the University of Bakrie, Indonesia Banking School (IBS) and IPMI. He has a bachelor degree in Accounting from Department of Economics, University of Udayana, followed by a degree in Accounting profession (Ak) of the University of Indonesia (UI). He has a Master in Finance from University of Hiroshima, Japan, and PhD from the Institut Pertanian Bogor (IPB) in the field of Development planning.

## INDEPENDENCE OF AUDIT COMMITTEE

Audit Committee is chaired by Independent Commissioners, one of whom shall be member of the Board of Commissioners and three professional members from outside the Company. It has fulfilled the provisions of 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 became the Chairman of Bapepam LK Annex Decision No. 643 / BL / 2012. The Audit Committee carries out its duties and responsibilities in a professional and independent manner.

## TASKS AND RESPONSIBILITIES OF THE AUDIT

Tasks and Responsibilities of the Audit Committee as stated in the Charter of the Audit Committee of PT Perusahaan Gas Negara (Persero) Tbk stipulated by the Decree of the President Commissioner of PT Perusahaan Gas Negara (Persero) Tbk No: 002/11 / KOM-1/2004 dated March 30, 2004, as amended by the decision of the Board of Commissioners No. Kep-003 / D-KOM / 2009 dated December 15, 2009, which was amended by Decision of the Board of Commissioners No. Kep-010 / D-KOM / 2013 on 14 November 2013 was to give opinions to the Board of Commissioners on reports or matters submitted by the Board of Directors to the Board, to identify issues that require the attention of the Board of Commissioners, and carry out other tasks relating to the duties of the Board of Commissioners, among others:

- Reviewing the financial information that will be issued by the company such as financial reports, projections, as well as the Long-Term Plan, Work Plan and Budget, management reports and other information;
- To review the companies' compliance with legislation in the field of capital market and legislation related to company activities;
- Providing independent opinion in the event of disagreements between management and accounting for services being rendered;
- To review the system of internal control by the internal Audit Division , includes to ensure the effectiveness of internal control systems and the effectiveness of the implementation of the tasks and assess the implementation of the activities and the results of audits being performed;
- Reviewing, selection and nomination of Certified Public Accountants, including independence and the members on the appointment of a Public Accountant to the Board;
- To review the implementation of audit by external auditors including to ensure the effectiveness of internal control systems and the effectiveness of the implementation and assess the implementation of activities and results of the audit conducted in accordance with the applicable standards;
- To report to the Board of Commissioners of the various risks faced by the company and the implementation of risk management by the Board of Directors;
- To review and report to the Board of Commissioners on complaints relating to the company;
- Maintain confidentiality of documents, data and information enterprise;
- Provide recommendations regarding the improvement of the management control system and its implementation to the Board;
- To ensure the satisfactory review procedures for any information issued by the company;
- Reviewing and providing advice to the Board in relation to the potential conflict of interest.

**Audit Committee's Authority**

- Full, free and unlimited access to records, employees, funds, assets and other resources related to their duties;
- Communicate directly with the employees, including the Board of Directors and the parties running the function of internal audit, risk management and accounting related to the duties and responsibilities of audit committee:
- Involve an independent outside audit committee required to assist the implementation of duties (if required);
- Perform other authority granted by the Board of Commissioners;
- Must cooperate with the Internal audit Division (IAD), among others:
- Coordinate the preparation of work plans an annual audit and the audit.
- Meetings with the IAD whenever necessary to discuss significant issues, and still within the framework of the tasks and functions of the Commissioner under the legislation in force.
- If necessary, with BOC approval and accompanied by the IAD to conduct a review and discussion at the Unit or Work Unit as needed for the deepening of the specific necessary findings.
- Able to obtain evidence provides reasonable assurance of the nature, scope, scale and impact of the weaknesses or significant change of control internal as well as the impact on the financial statements.
- Based on the approval of the Board of Commissioners, it may request another view from outside parties to help provide technical guidance and other fees on the company.

**Implementation of Audit Committee Activities**

in 2016, the Audit Committee has been conducting in order to implement the task of the committee, among other things:

- Perform Limited Review of the Consolidated Financial Statements of PT. PGN (Persero) Tbk per March 30, 2016, June 30, 2016, September 30, 2016.
- Coordination with KAP PWC on Discussion Progress Review of Financial Statements First Half Year 2016
- Discussion Audit Report CP 9 Muara Karang, Muara Bekasi, Pipeline Project (Continued).
- Perform coordination with the Internal Audit Division (IAD).
- Conduct discussions with management about certain things.
- Make periodic reports on the implementation of the tasks of the Audit Committee.
- To perform other tasks and follow up on disposition given by the Board of Commissioners.
- Conduct Working visit to PGN in Batam Area.

Results of analyzes, studies, suggestions and recommendations of the Audit Committee related to the execution of duties, powers and responsibilities have been communicated and submitted to the Board of Commissioners to gain attention

**Audit Committee meeting frequency**

Based on Bapepam-LK No. IX.I.5 on the Establishment and Guidelines for the implementation of the Audit Committee referred to in the Charter of the Audit Committee, stated that the meeting of the Audit Committee shall carry out at least once within 1 (one) month. During period of 2016, the Committee held 34 (Thirty-four) meetings and three (3) Visits into operational areas of the Company, the level of attendance as follows:

**Committee Audit Attendance List**

| Name | Percentage of Attendance *) |
|---|---|
| Paiman Raharjo | 100% |
| Slamet Wibowo | 80% |
| Yovita Lasti Handini | 94% |
| Kurnia Sari Dewi | 100% |
| Achmad Surya Abadi | 27%(Died on March 20, 2016) |
| Moh. Nasir | 100% |
| Luki Karunia | 100% |

*) Proportion in accordance with the number of meetings held on each tenure

## NOMINATION, REMUNERATION AND GOOD CORPORATE GOVERNANCE COMMITEE

On 2015, the Nomination and Remuneration Committee was established pursuant to Decree of PT Perusahaan Gas Negara Board of Commissioners with the change of the composition and the name of the period as follows:

1. the Nomination and Remuneration Committee was established by Decree of the Board of Commissioners of PT Perusahaan Gas Negara No. Kep-01 / D-KOM / 2015 dated 29 Januari2015. Decision of the Board of Commissioners regarding Remuneration Team was only valid until 6 April 2015 to coincide with the change of the composition of the Board of Commissioners at the time was held in 2015, then NRC was vacuum and Kep-01 / D-KOM / 2015 was replaced by Decree new about change of name of the committee and arrangement of members.
2. Nomination, Remuneration and GCG established by Decree of the Board of Commissioners of PT Perusahaan Gas Negara No. Kep-16 / D-KOM / 2015 dated November 5, 2015. The Nomination, Remuneration and GCG was formed to assist the Board in monitoring, continuous supervision and make recommendations for the implementation of the governance and nominating and remuneration at the top management level in company.
3. Based on the Minutes of the Board Meeting on 20 September 2016, starting October 1, 2016 the Nomination, Remuneration and GCG was dissolved, while the GCG functions transferred and added to one of the activities to the Monitoring Risk Management and Business Development Committee.
4. The Nomination and Remuneration Committee remain to be implemented by the Board of Commissioners in accordance with the Decree of the Board of Commissioners No. Kep-12 / D-KOM / 2016 dated October 31 2016.

### Nomination, Remuneration and GCG Committee Composition

Below is the Membership Composition of the Nomination, Remuneration and GCG Committee:

1 January 2016 - 8 April 2016

Chairman and member:
Iman Sugema/ Chief/Independent Commissioner

| | |
|---|---|
| Secretary: | Thohir Nur Ilhami/ Secretary to Board of Commissioner |
| Member: | 1. Tirta Hidayat<br>2. Mohamad Ikhsan<br>3. Paiman Raharjo<br>4. IGN Wiratmaja Puja<br>5. Yudho Prabowo<br>6. Bambang Wahyudi |

8 April 2016 - 31 Desember 2016

Chairman and member:
Kiswodarmawan/Independent Commissioner

| | |
|---|---|
| Secretary: | Thohir Nur Ilhami/ Secretary to Board of Commissioner |
| Member: | 1. Fajar Harry Sampurno<br>2. Tirta Hidayat<br>3. Mohamad Ikhsan<br>4. Paiman Raharjo<br>5. IGN Wiratmaja Puja<br>6. Yudho Prabowo (until 30 September 2016)<br>7. Bambang Wahyudi (until 30 September 2016) |

### Training Program for Members of The Nomination, Remuneration and GCG Committee

During 2016, members of the Nomination, Remuneration and GCG Committee did not attend any training programs, workshops, conferences and seminar.

### Profiles of Members of Nomination, Remuneration, and GCG Committee

#### IMAN SUGEMA

Chairman of Nomination, Remuneration and GCG Committee (from November 5th 2015)

An Indonesian citizen, born in Kuningan on 2 May 1964. He has a Bachelor Degree in Agribusiness from Bogor Agricultural Institute (IPB), Master of Economics from the University of New England and a Ph.D. Economy of the Australian National University. Recent work experience as Executive Chairman of EC-Think Indonesia (Economics Think Tank), Corp. until now.

### TIRTA HIDAYAT

Member of Nomination, Remuneration and GCG Committee (from November 5th 2015)

An Indonesian citizen, born in Banda Aceh, 9 March 1959. He has a Bachelor Degree in Economics from the University of Indonesia, masters and Doctorate in Regional Economy from Cornell University. Recent work experience was as a Deputy for Economic Affairs Vice Presidential Secretariat until now. Joined the company as the Commissioner based on the decision of Annual General Meeting 2015 on April 6 2015.

### MOHAMAD IKHSAN

Member of Nomination, Remuneration and GCG Committee (since Nov. 5 2015 )

Indonesian citizen, born in Sigli, November 7, 1964. He has a Bachelor Degree in Economics from the University of Indonesia, Master of Economics from Vanderbilt University and a Ph.D. Economics from Illinois University. His recent work experience was as an advisor to the Vice President of the Republic of Indonesia until now. Joining the PGN Commissioner based on the Decisions of Annual General Meeting 2015 on April 6, 2015.

### PAIMAN RAHARJO

Member of Nomination, Remuneration and GCG Committee (since Nov. 5 2015 )

Indonesian citizens. Born in Klaten, Central Java, on June 15, 1967. He has a Bachelor Degree in Public Administration 1994, Master degree in Financial Management in1997 and Public Administration in 2003, and PhD in Public Administration in 2012 at the University of Padjadjaran in Bandung. Daily activities as Director of the Graduate Program at the University Prof. DR. Moestopo (Religion). He joined PT. PGN since April 6, 2015 as the Independent Commissioner, as well as a Chairman of Audit Committee.

### IGN WIRATMAJA PUJA

Member of Nomination, Remuneration and GCG Committee (since Nov. 5 2015 )

An Indonesian citizen, born December 21, 1963. Bachelor of Engineering Engineering from Institut Teknologi Bandung (ITB), Master's and Ph.D. Mechanical Engineering of the University of Kentucky, USA His work experience most recently was as Director General of Oil and Gas, Ministry of Energy and Mineral Resources, up to now. Joined the company as the Commissioner based on the decision of Annual General Meeting 2015 on April 6 2015.

### KISWODARMAWAN

Chairman and Member of Nomination, Remuneration and GCG Committee (since April 8 2016)

Indonesian citizen, born in Surabaya, December 28, 1957. Bachelor degree in Civil Engineering Technology Surabaya Institute. His recent work experience as Director of Adhi Karya (Persero) Tbk until April 8, 2016. The legal basis for the appointment of the first time as PGN Commissioner was the Decision 2015 in Annual General Meeting on 6 April 2015.

### FAJAR HARRY SAMPURNO

Member of Nomination, Remuneration and GCG Committee (since April 8, 2016)

Indonesian citizen, born in Blitar 18 April 1966. Bachelor degree from the Universitas Brawijaya, Master of Technology Management from Monash University and Doctorate Strategic industries from the University of Iowa. His recent work experience was as a Deputy for Mining, Strategic Industry and Media, Ministry of SOEs until now. Joined the company as Chief Commissioner by Decision of the Annual General Meeting on 8 April 2016 2016.

### YUDHO PRABOWO

Member of Nomination, Remuneration and GCG Committee (Since October 1st 2015)

Indonesian citizen, born in Malang on 9 December 1977 and member of the Nomination, Remuneration and GCG Committee since October 1, 2015. BA in Accounting from the University of Indonesia in 2001, holds a Master of Accounting from the University of Indonesia in 2009. Currently a lecturer at Maksi ABFII Perbanas (2014-present). Doctoral Candidate in Public Policy Administration Science Faculty of Administrative Sciences, University of Indonesia (2013-present).

### BAMBANG WAHYUDI

Member of Nomination, Remuneration and GCG Committee (since January 1, 2016)

Indonesian citizen, born in Purworejo on 2 July 1961 and member of the Nomination, Remuneration and GCG from 1 January 2016. Bachelor Degree in Community Development and Extra School training from IKIP Jakarta in 1986, Master degree in human Resource Management from the University Bayangkara in 2004, holds a Master of Criminology Division of Social and Political Science, University of Indonesia in 2005, and obtained his PhD in Sociology from the University of Indonesia in 2009. He was a lecturer at Defence University.

**Nomination, Remuneration, and GCG Committee Independency**

Nomination, Remuneration and GCG Committee conducts its duties and responsibilities professionally and independently, without interference from any party that does not comply with law.

**Nomination, Remuneration, and GCG Committee Tasks and Responsibilities**

- Prepare the materials needed for the preparation of the remuneration policy for the Board of Directors and Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk;
- Propose the remuneration of Directors and Board of Commissioners of PT Perusahaan Gas (Persero) Tbk, which include: salaries / honorarium; facilities; royalty;
- Ensure the implementation of the compensation and remuneration of the Board of Directors and Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk has been in accordance with the applicable regulations;
- Conduct the selection of prospective Directors of PT Perusahaan Gas Negara (Persero) Tbk;
- Reviewing compliance with laws and regulations prevailing in the company;
- To review the application of the principles of good corporate governance and ethical standards in the company;
- To evaluate the committees under the Board of Commissioners

**Nomination, Remuneration, and GCG Committee Authorities**

- Access to records or information the company related the performance of its duties with the approval of the Board of Commissioners.
- In exercising its authority, it can work together with related work units, and can make use of competent and independent experts funded by the company.
- Access to documents, data, and information about the company employees, funds, assets and resources of the company are required relating to work performance;
- In exercising its authority, it can work together and communicate directly with business partners among: organs supporting the BOC (Monitoring Committee Risk Management and Business Development, Audit Committee, Secretary of the Board of Commissioners, and team-related at the level of management or related work units;
- When required, it can hire experts and / or consultants / assessors / independent parties outside-NR GCG Committee members and can form an ad-hoc team, with criteria and assignment periods adapted to the needs and the type of work.

**Nomination, Remuneration, and GCG Duties**

Based on the Decree of the Board of Commissioners Number: Kep-01 / D-KOM / 2015 dated January 29, 2015 which has been repealed and replaced by Number: Kep-16 / D-KOM / 2015 dated November 5, 2015 , the Nomination, remuneration and GCG for 2016 has been carrying out the following tasks:

- Propose Independent Consultant to conduct a study of remuneration for the members of the Board of Directors and Board of Commissioners;
- Discussing the results of the study Independent Consultant "PT Towers Watson" on the remuneration for the members of the Board of Directors and Board of Commissioners;
- Delivering the proposed remuneration for the members of the Board of Directors and Board of Commissioners to the Board of Commissioners;
- Joint Board of Commissioners discussed the remuneration of the members of the Board of Directors and the Board of Commissioners as the basis of a proposal to the minister as the Shareholders of Series A Dwiwarna;
- Doing the selection of Prospective Directors of PT PGN (Persero) Tbk;
- Drafting Committee Work Program 2016;
- Prepare final report of the committee in 2015;
- Draft charter of the Nomination, Remuneration and GCG;
- Proposing the establishment of the Division of GCG under separate management from the Division of Risk Management GCG (RMG);
- Develop Mapping on GCG PT PGN (Persero) Tbk;
- Discuss Pending Issues in GCG PT PGN (Persero) Tbk;
- Discuss Revised Board Manual of PT PGN (Persero) Tbk;
- Discuss Structuring the Implementation and Monitoring of GCG PT PGN (Persero) Tbk;
- Discuss Agenda Plan and realization of GCG;

**Nomination, Remuneration, and GCG Meeting Frequency**

During 2016 , the Nomination, Remuneration and GCG had (9) meetings with the attendance as follows:

| Name | Percentage of Attendance |
|---|---|
| Kiswodarmawan | 100% |
| Fajar Harry Sampurno | 100% |
| Iman Sugema | 100% |
| Tirta Hidayat | 100% |
| Mohamad Ikhsan | 100%z |
| Paiman Raharjo | 100% |
| IGN Wiratmaja Puja | 100% |
| Yudho Prabowo | 100% |
| Bambang Wahyudi | 55% |

*)proportion in accordance with the number of meetings held on each tenure

The implementation of the Nomination, Remuneration, and GCG refers to Financial Services Authority Guidelines 21 / POJK.04 / 2015 on Implementation Guidelines for Open Corporate Governance and SE FSA No. 32 / SEOJK.04 / 2015 of the Code of Corporate Governance.

## DIRECTOR SUCCESSION POLICY

Based on the Articles of Association (Deed No. 23 dated April 6, 2015), the members of the Board of Directors are appointed and dismissed by the General Meeting of Shareholders (AGM), where GMS must be attended and the decision is approved by the shareholders of Series A Dwiwarna.

The appointment of the members of the Board of Directors by the AGM is taken from the candidates nominated by the shareholders of Series A Dwiwarna.

PER-03 / MBU / 02/2015 regarding Requirements, Procedure for Appointment and Dismissal of Directors of State Owned Enterprises, the source of candidates for the Board of Directors come from:
1. Directors of state enterprises;
2. BOC / SOE Supervisory Board;
3. SOE talents proposed by the Board of Commissioners, consisting of:
a. Officials one level below the Board of Directors or officers who have special achievement;
b. Directors of subsidiaries of SOEs / SOE joint-venture company;
4. Talents from Ministry of SOEs;
5. Another source comprising:
a. Officials of othe SOE
b. Other source.

The candidates w be designated a candidate member of the Board of Directors must meet the formal requirements and other requirements set forth in the PER-03 / MBU / 02/2015 mentioned above and has passed the feasibility and Proper Test conducted by professional institutions. Candidates who will be proposed at the AGM were evaluated by a team established by the Minister of SOEs involving Commissioner or Chairman of the Nomination Committee of the Board of Commissioner.

AGM can dismiss Directors members who no longer qualify as a member of the Board of Directors, among other things if those concerned take action detrimental to the Company or any other cause that is considered appropriate by the AGM. Dismissal decision was taken after the subject was given the opportunity to defend themselves, except if the subject has no objection to the dismissal.

A Board member is entitled to resign by giving written notification to the Company, the Board and other Board members, who followed by the implementation of the GMS term within 60 (sixty) days after the receipt of the resignation. The resigning director member remains held accountable since the appointment up to the approval of the resignation.

## RISK MANAGEMENT AND BUSINESS DEVELOPMENT COMMITTEE

Risk Management Monitoring and Business Development Committee was established pursuant to Regulation of the State Minister for State Owned Enterprises No. PER-01 / MBU / 2011 on Implementation of Good Corporate Governance (GCG) in State Owned Enterprises and No. PER-12 / MBU / 2012 on Support

Organ of BOC / Supervisory Board of the State Owned Enterprises. Formation of Risk Management Monitoring and Business Development Committee was intended to assist the Board in conducting regular monitoring and provide recommendations on policy and implementation of risk management as well as planning and development efforts.

**Risk Management Monitoring and Business Development Committee Composition**

The composition is as follows:

### COMMITTEE MEMBERS LEVEL OF ATTENDANCE 1 JANUARI - 30 APRIL 2016

| | Frequency of Attendance | % Attendance |
|---|---|---|
| Mohamad Ikhsan | 6 times | 100% |
| M. Arsyad Rangkuti | 5 times | 83,4% |
| Wahyu Wijayadi | 6 times | 100% |
| Hari Kustoro | 6 times | 100% |

COMMITTEE MEMBERS LEVEL OF ATTENDANCE
1 MEI - 30 JUNI 2016

| | Frequency of Attendance | % Attendance |
|---|---|---|
| Mohamad Ikhsan | 4 times | 100% |
| Wahyu Wijayadi | 4 times | 100% |

COMMITTEE MEMBERS LEVEL OF ATTENDANCE
1 JULI - 30 SEPTEMBER 2016

| | Frequency of Attendance | % Attendance |
|---|---|---|
| Mohamad Ikhsan | 7 times | 100% |
| Wahyu Wijayadi | 7 times | 100% |
| Irwan Tascha | 7 times | 100% |
| Strasfiatri Auliana | 7 times | 100% |

COMMITTEE MEMBERS LEVEL OF ATTENDANCE
1 NOVEMBER - 31 DESEMBER 2016

| | Frequency of Attendance | % Attendance |
|---|---|---|
| Mohamad Ikhsan | 4 times | 80% |
| Kiswodarmawan | 4 times | 80% |
| Wahyu Wijayadi | 5 times | 100% |
| Irwan Tascha | 5 times | 100% |
| Strasfiatri Auliana | 5 times | 100% |

**Training Program for Risk Management Monitoring and Business Development Committee**

During 2016, members of the Risk Management Monitoring & Business Development Committee attended a number of seminars, among others:

TRAINING PROGRAM FOR RISK MANAGEMENT MONITORING AND BUSINESS DEVELOPMENT COMMITTEE

| Name | Position | Date | Destination | Description |
|---|---|---|---|---|
| Wahyu Wijayadi | Member | 24 November 2016 | Singapura | 9th Annual Energy Risk Asia Summit 2016 |
| Strasfiatri Auliana | Member | 24 November 2016 | Singapura | 9th Annual Energy Risk Asia Summit 2016 |

**Members of Risk Management Monitoring and Business Development Committee Profiles**

### MOHAMAD IKHSAN

Chairman of Risk Management Monitoring and Business Development Committee (Since 15 April 2015 up to now)

Indonesian citizen, born in Sigli on November 7, 1964. Bachelor of Economics from the University of Indonesia, Master of Economics from Vanderbilt University and a Ph.D in economics from Illinois University. The legal basis for the appointment as PGN Commissioner was the Decision 2015 Annual General Meeting on April 6, 2015. Previously served as Advisor to the Vice President since 2009 and has worked as the Head of Team Assistant Minister for Economic Affairs.

### KISWODARMAWAN

Member of Risk Management and Business Development Monitoring Committee (Since 01 November 2016)

An Indonesian citizen, born in Surabaya on 28 December 1957. He has educational background of Civil Engineering degree from Sepuluh Nopember Institute of Technology (ITS). His recent work experience was as President Director of Adhi Karya (Persero) Tbk up until 08 April 2016. The legal base for his first appointment as Commissioner of PGN was the Joint Decree with the liability company as an Independent Commissioner based on the Decision of Annual General Meeting of Shareholders (GMS) in 2016, dated 8 April 2016.

### WAHYU WIJAYADI

Member of Risk Management and Business Development Monitoring Committee (Since 14 June 2012)

An Indonesian citizen, born in Tulungagung on 27 April 1957. He served as Member of Risk Management and Business Development Monitoring Committee since 14 June 2012. He graduated with Electrical Engineering degree from Bandung Institute of Technology (ITB) in 1982 and earned his MBA title from Indonesian Institute for Management Development (IPMI) in 1989. He worked as the Director of PT Elang Mahkota Teknologi since 2009, as Corporate Service Director for PT Indosat in 2007 and also as Marketing Director of PT Indosat in 2006.

### IRWAN TASCHA

Member of Risk Management and Business Development Monitoring Committee (Since 01 August 2016)

An Indonesian citizen, born in Bukittinggi on 14 July 1957. He served as Member of Risk Management and Business Development Monitoring Committee since 01 August 2016. He graduated with Business Economics degree from Universitas Andalas Padang in 1983. He worked as the Head of Risk Management Division for PGN in 2011, previously worked as Director of Finance and Administration; and later as President Director of PT. Transportasi Gas Indonesia during 2002-2010.

### STRASFIATRI AULIANA

Anggota Risk Management and Business Development Monitoring Committee (Since 01 August 2016)

An Indonesian citizen, born in Sydney, Australia on 28 November 1961. She served as Member of Risk Management and Business Development Monitoring Committee since 1 August 2016. She graduated with Electrical Engineering degree from ITB in 1986. She worked as Director of Corporate Services and Regional Cooperation of Indosat Employees since 2014, previously as Group Head Corporate Secretary for PT Indosat Tbk during 2006-2014 and as Group Head Risk Management for PT Indosat Tbk during 2009-2012.

### ARSYAD RANGKUTI

Member of Risk Management and Business Development Monitoring Committee (Since 14 June 2012)

An Indonesian citizen, born in South Tapanuli on 7 November 1955. He served as Member of Risk Management and Business Development Monitoring Committee since 14 June 2012. He graduated with Mechanical Engineering degree from University of North Sumatera, Medan in 1983 and obtained his M.Sc. degree from University of Salford, England in 1994. He previously served as President Director of PT Transportasi Gas Indonesia during 2010-2013 and worked as Head of Operational Division of PT Perusahaan Gas Negara (Persero) Tbk during 2008 – 2010.

### HARI KUSTORO

Member of Risk Management and Business Development Monitoring Committee (Since 2013)

An Indonesian citizen born in Pontianak on 5 September 1953. He served as Member of Risk Management and Business Development Monitoring Committee since 2013. He graduated with Petroleum Engineering degree from ITB in 1978 and obtained his Bachelor of Economics degree from Universitas Indonesia in 1986. He previously served as Upstream Director of PT Pertamina (Persero) during 2004-2006 and worked as Chief Commissioner and Commissioner of PT ELNUSA Tbk during 2004-2010 also as Commissioner of PT Pertamina EP.

**Independency of Risk Management and Business Development Monitoring Committee**

Risk Management and Business Development Monitoring Committee is chaired by a Commissioner with members comprised of 1 (one) member of Independent Commissioner and 3 (three) members qualified for professionality and came from outside of PT Perusahaan Gas Negara (Persero) Tbk. Risk Management and Business Development Monitoring Committee engaged their tasks and responsibilities professionally and independently.

**Tasks and Responsibilities of Risk Management and Business Development Monitoring Committee**

Tasks and Responsibilities of Risk Management and Business Development Monitoring Committee as stated in the Charter of Risk Management and Business Development Monitoring Committee of PT Perusahaan Gas Negara (Persero) Tbk as determined by the Board of Commissioners on 15 August 2012, last amended by Decree of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk No: Kep-02/D-KOM/2015 dated 9 March 2015 were to provide opinion towards the Board of Commissioners regarding reports or issues conveyed by the Board of Directors towards the Board of Commissioners, identifying issues requiring the attention of the Board of Commissioners, and implementing other tasks related with the duty of the Board of Commissioners, namely:

Risk Management

- Understanding the Company Risk Management, which covered the Company Risk Management System, Strategic Risk Potential and Risk Management Policy;
- Monitoring the effectiveness and evaluation of the utilized Risk Management system, and providing further enhancement;
- Monitoring the risk potential encountered by the Company and the implementation of the mitigation;
- Monitoring the conformity of the Company's Risk Management policy and implementation;
- Examining the sufficiency of the Company's insurance scope;
- Encouraging the growth of strong risk awareness culture in the Company through the Risk Management Division;
- Preparing Annual Work Plan and Budget.

Business Development

- Assisting the Board of Commissioner in evaluating the Company's business development/expansion plan;
- Assisting the Board of Commissioner in monitoring the realization of the Company's business plan.

**Authority of Risk Management and Business Development Monitoring Committee**

- Accessing data, record of information of the Company related to their tasks implementation as approved by the Board of Commissioners;
- In implementing their authority, the Committee may cooperate with the concerned work unit(s) and they are obliged to keep the confidentiality of the documents, data and information of the Company either from internal or external party, and it will only be utilized for the interests of performing their tasks.

**Tasks and Activities Implementation of Risk Management and Business Development Monitoring Committee**

During 2016 Fiscal Year, Risk Management and Business Development Monitoring Committee has conducted the following activities in regards of Committee tasks implementation:

- Preparing Committee 2016 Work Program;
- Discussing Quarterly Corporate Risk Profile, namely Quarter 4 of 2015 and Quarter 1 , Quarter 2 and Quarter 3 of 2016 period
- Discussing Proposal of PGN Subsidiaries Short Term Loan Restructuration for PT. PGASCom
- Discussing Proposal of PGN Subsidiaries Short Term Loan Restructuration for PT.Gagas Energi Indonesia
- Discussing Approval Request for Establishment of Infrastructure and Capital Improvement Subsidiary at PT. Kalimantan Jawa Gas
- Discussing Draft of RKAP 2016 Revision
- Conducting meeting with Chairman of Facts Global Energy,Dr. Fereidun Fesharaki
- Discussing Current Achievement of the Work Program of Directorate of Commerce and Estimation of 2016 Year End.
- Discussing Status and Fulfilment of Gas Supply up to 2016 Year End, and 2017 Gas Fulfilment Plan
- Conducting regular evaluation on the Work Progress of Risk Management and Business Development Monitoring Committee.
- Conducting Working Visit to Surabaya region PGN
- Conducting Working Visit to PT Kalimantan Jawa Gas (KJG) and Semarang region PGN

- Attending the 9th Annual Energy Risk Asia Summit 2016 in Singapore
- Preparing the Committee Year End Report for 2016 Fiscal Year

**Risk Management and Business Development Monitoring Committee Meeting Frequency**

During 2016, Risk Management and Business Development Monitoring Committee has conducted 22 (twenty two) meetings and 3 (three) working visits to the Company's operational regions with the following attendance level:

**COMMITTEE MEMBERS ATTENDANCE LIST 1 JANUARY - 30 APRIL 2016**

| | Frequency of Attendance | % Attendance |
|---|---|---|
| Mohamad Ikhsan | 6 times | 100% |
| M, Arsyad Rangkuti | 6 times | 83.4% |
| Wahyu Wijayadi | 6 times | 100% |
| Hari Kustoro | 6 times | 100% |

**COMMITTEE MEMBERS ATTENDANCE LIST 1 MAY - 30 JUNE 2016**

| | Frequency of Attendance | % Attendance |
|---|---|---|
| Mohamad Ikhsan | 4 times | 100% |
| Wahyu Wijayadi | 4 Kali | 100% |

**COMMITTEE MEMBERS ATTENDANCE LIST 1 JULY - 30 SEPTEMBER 2016**

| | Frequency of Attendance | % Attendance |
|---|---|---|
| Mohamad Ikhsan | 7 times | 100% |
| Wahyu Wijayadi | 7 times | 100% |
| Irwan Tascha | 7 times | 100% |
| Strasfiatri Auliana | 7 times | 100% |

**COMMITTEE MEMBERS ATTENDANCE LIST 1 NOVEMBER - 31 DECEMBER 2016**

| | Frequency of Attendance | % Attendance |
|---|---|---|
| Mohamad Ikhsan | 4 times | 80% |
| Kiswodarmawan | 4 times | 80% |
| Wahyu Wijayadi | 5 times | 100% |
| Irwan Tascha | 5 times | 100% |
| Strasfiatri Auliana | 5 times | 100% |

*) The proportion is in accordance with the number of meetings organized during their respective tenure.

# BOARD OF COMMISSIONERS SECRETARY

## APPOINTMENT LEGAL BASIS OF AND SERVICE PERIOD

Secretary of the Board of Commissioners of PGN was appointed based on the Decree of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-022/D-KOM/2015 regarding Appointment of Mr. Thohir Nur Ilhami as the Secretary of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk.

In accordance with the Decree of the Board of Commissioners Number Kep-022/D-KOM/2015 above, Thohir Nur Ilhami took the office as Secretary of the Board of Commissioners of PGN started from 1 January 2016 until 30 December 2018.

Based on the Regulation of the Minister of State Owned Enterprises (SOE) Number: PER-12/MBU/2012 regarding Supporting Organ of Board of Commissioners/Supervisory Board of SOE, the Secretary of the Board of Commissioners must comprehend the SOE's system of management, monitoring and development, have good integrity, comprehend the secretarial function and have good communicating and coordinating skills.

The Profile of the Secretary to Board of Commissioner has been disclosed in the Company Profile Section

## TASKS OF SECRETARY OF THE BOARD OF COMMISSIONERS

Secretary of the Board of Commissioners held the responsibility to conduct activities in supporting the Board of Commissioners in performing their tasks as follows:

- Preparing meetings, including the briefing sheet of the Board of Commissioners;
- Preparing minutes of the Board of Commissioners' meetings in accordance with the Company's articles of association;
- Administrating the documents of the Board of Commissioners, either incoming mails, outgoing mails, minutes of meetings or any other documents;
- Preparing Work and Budget Plan of the Board;
- Preparing the Board of Commissioners' reports;
- Ensuring the Board of Commissioners complied the prevailing regulations and implementing GCG principles

# CORPORATE SECRETARY

## APPOINTMENT LEGAL BASIS AND SERVICE PERIOD

The appointment of Corporate Secretary was conducted in regards of meeting the Regulation of Financial Services Authority (OJK) Number: 35/POJK.04/2014 regarding Secretary of Issuer Company or Public Company and Regulation of State Minister of SOE Number: PER-01/MBUI/2001 regarding Implementation of Good Corporate Governance in SOE. The appointment of Corporate Secretary which currently is still in his term of office has been conducted in 2011 by the Decision of the Board of Directors of PT Perusahaan Gas Negara (Persero) Tbk Number: 020300.K/KP.03.00/UT/2011 dated 29 November 2011. The appointment of said Corporate Secretary has been submitted to Bapepam-LK (Capital Market and Financial Institutions Supervisory Agency) by letter Number 000100.S/KP.02/UT/2011 dated 1 December 2011.

## FUNCTIONS AND RESPONSIBILITIES OF CORPORATE SECRETARY

Based on the Decree of the Board of Directors No 017600.K/OT.00/PDO/2016 dated 1 December 2016, Corporate Secretary had the following functions and responsibilities:

1. Assisting the Board of Directors and Board of Commissioners in the implementation of Corporate Governance, consisted of:
   a. Information disclosure towards public, including the availability of information on the Corporate's Website (for the implementation, Corporate Secretary will be authorized to submit data and/or information towards the third party, including regulator, in accordance with the prevailing provisions and regulations);
   b. Timely report submission towards OJK;
   c. Organizing and documenting General Meeting of Shareholders;
   d. Organizing and documenting Board of Directors' meetings and/or Board of Directors' joint meetings, which invited the Board of Commissioners;
   e. Coordinating the implementation of documenting Board of Commissioners' meetings and/or Board of Commissioners' joint meetings, which invited the Board of Directors, with Secretary of Board of Commissioners and/or Secretariat Staff of the Board of Commissioners; and
   f. Implementation of Corporate orientation program for Board of Directors and/or Board of Commissioners.
2. Being the link between the Corporate and the shareholders, OJK and other stakeholders;
3. Providing input to the Board of Directors and Board of Commissioners to comply with the regulatory provisions in Capital Market field, also following the development of Capital Market, particularly the regulations in Capital Market field;
4. Coordinating administrative activities (among others: payment governance; RKAP realization report; personnel administration: business trip, leave submission, disciplinary violation, training proposal, etc.) for Strategic Management and Transformation, Risk Management and GCG, HSSE.

Corporate Secretary supervised:

- Legal;
- Government Relations;
- Corporate Communication;
- Corporate Support and Services.

## CORPORATE SECRETARY 2016 TASKS IMPLEMENTATION

Some activities concerning the stakeholders have been conducted by the Corporate Secretary during 2016, among others:

1. Organizing Annual General Meeting of Shareholders;
2. Establishing communications with the Ministry of SOE, Ministry of Energy and Mineral Resources, State Secretariat, BPH Migas, OJK, Self Regulatory Organization (BEI), KSEI, ICAMEL, BAE, and other related institutions;
3. Coordinating Hearing Meeting (RDP) with People's Representative Council (DPR) Commissions regarding business visit with stakeholders;

4. Attending every Meeting of Board of Commissioners and Meeting of Board of Directors, also administrating the Minutes of Meetings of Board of Commissioners and Meetings of Board of Directors;
5. Managing information disclosure towards public, including availability of information on the Corporate's Website;
6. Ensuring the 2016 Annual Report was prepared and delivered to public and related Regulator Authority.

### CORPORATE SECRETARY PROFILE

Started from 1 December 2011, Corporate Secretary has been chaired by Heri Yusup based on the Decree of the Board of Directors of PT Perusahaan Gas Negara (Persero) Tbk Number: 020300.K/KP.03.00/UT/2011 dated 29 November 2011. The appointment of said Corporate Secretary has been submitted to Bapepam-LK by letter Nomor 000100.S/KP.02/UT/2011 dated 1 December 2011.

The Profile of Corporate Secretary has been disclosed in the Company Profile Section

### CORPORATE SECRETARY TRAINING PROGRAM

| No. | Date | Event | Location | Organizer |
|---|---|---|---|---|
| 1 | 15 November 2016 | Workshop of Asean Corporate Governance Scorecard | Hotel Borobudur Jakarta | Financial Services Authority (OJK) |
| 2 | December 2016 | Dissemination of Tax Amnesty | PGN Manhattan Office | HCM Division |

### INFORMATION DISCLOSURE

To meet the obligatory information disclosure to public, Corporate Secretary together with Investor Relation Unit always reported to the OJK and Indonesia Stock Exchange as capital market authorities.

## INTERNAL AUDIT DIVISION

Internal audit Function in PT PGN (Persero) Tbk was conducted by Internal Audit Division, led by a Division Head, Internal Audit and directly accountable towards the President Director. The Audit Result will be reported by Audit Result Report (LHA) which delivered to the President Director and the Board of Commissioners simultaneously.

### PROFILE OF INTERNAL AUDIT DIVISION HEAD

Appointment of Internal Audit Division Head was conducted by the Board of Directors and currently being chaired by Pramono Harjanto, who was appointed since 7 February 2013 based on the Decree of the Board of Directors of PT Perusahaan Gas Negara (Persero) Tbk Number: 001600.K/HK.00.01/UT/2013 dated 23 January 2013.

The Profile of Internal Audit Division Head has been disclosed in the Company Profile Section

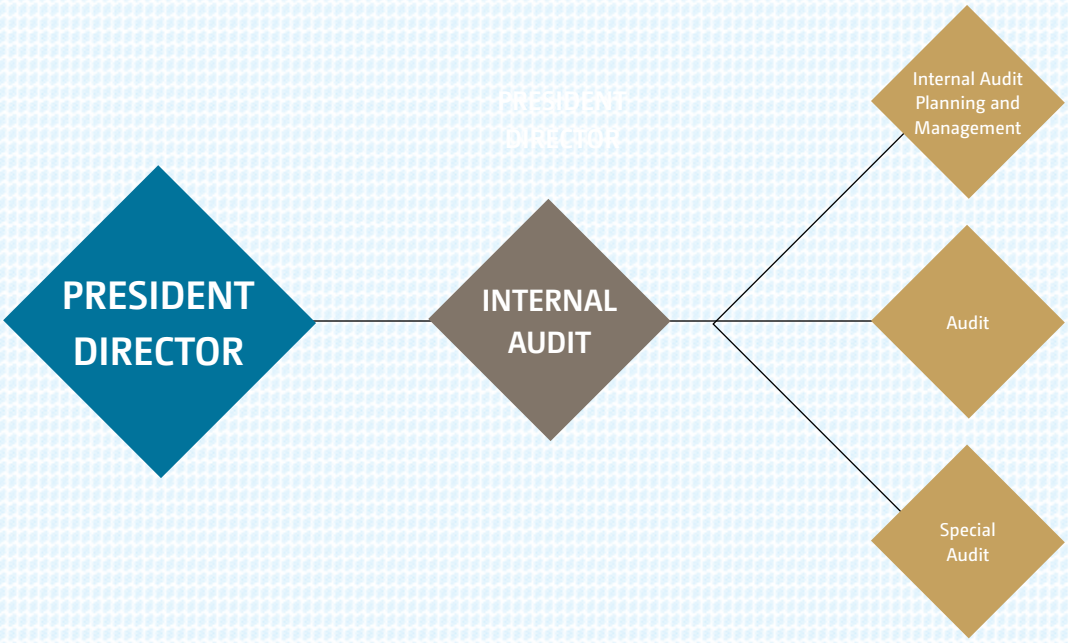
## APPOINTMENT AND DISMISSAL OF INTERNAL AUDIT DIVISION HEAD

Internal Audit Division Head was appointed and dismissed by the President Director with the approval of the Board of Commissioners.

## THE POSITION OF INTERNAL AUDIT DIVISION WITHIN THE COMPANY'S STRUCTURE

Internal Audit Division Head held the position under the President Director, and also directly accountable towards him.

**STRUCTURE AND POSITION OF INTERNAL AUDIT DIVISION**




## INTERNAL AUDIT DIVISION CHARTER

In conducting their tasks and responsibilities, Internal Audit Division referred to the Audit Charter as determined by the Decree of the Board of Directors Number: 023105.K/PW.00/UT/2009 dated 11 December 2009, which outlined the Vision, Mission, Intention and Purpose, Scopes, Organizational Structure, Authority, Tasks and Responsibilities of IAD, Requirements and Professionalism of an Auditor, Audit Implementation Governance also Code of Ethics of Internal Auditor.

While operation wise, the implementation of Audit referred to the current Internal Audit Operational Procedure as determined by the Instruction of the Board of Directors Number: 021200.I/HK.00.01/UT/2013 dated 12 April 2013.

**Authority of Internal Audit Division**

In their tasks implementation, Internal Audit Division had the following authorities:

1. Accessing every relevant information regarding the company related with the tasks and functions;
2. Communicating directly with the Board of Directors, Board of Commissioners, and/or Audit Committee and members from Board of Directors, Board of Commissioners, and/or Audit Committee;
3. Organizing regular and incidental meetings with the Board of Directors, Board of Commissioners, and/or Audit Committee; and
4. Coordinating with external auditor.

**Tasks of Internal Audit Division**

1. Preparing and implementing Annual Audit Work Program (PKAT);
2. Testing and evaluating the implementation of intern control and risk management system in accordance with company policy;
3. Inspecting and assessing efficiency and effectiveness on finance, operational, human resources, marketing, information technology and other activities;
4. Providing objective improvement input and information regarding the inspected activities on every management level;
5. Preparing audit result report and submitting said report towards President Director and Commissioner;
6. Monitoring, analyzing and reporting the suggested improvement follow up;
7. Cooperating with Audit Committee;
8. Preparing program to evaluate the quality of internal audit they performed; and
9. Conducting special inspection when needed.

**Responsibilities of Internal Audit Division**

The responsibilities of Internal Audit Division included the following matters:

1. Being responsible in conducting audit process in accordance with the prevailing Audit standard and code of ethics, allocating Audit resources effectively and efficiently, developing auditor's professionalism and implementing quality assurance program in performing tasks and management of Internal Audit Division;
2. Being responsible on keeping the confidentiality of data, documents and information related with the implementation of Audit and Audit result report in accordance with the Company's information confidentiality policy, which determined by the Board of Directors and Auditor's Code of Ethics;
3. Gaining approval from the President Director regarding the prepared work program and Audit development plan;
4. Reporting to the President Director regarding information concerning the ongoing Audit implementation;
5. Auditors from Internal Audit Division were prohibited to double their tasks, including the operational enforcers of the Company or its Subsidiary Entities.

## PERSONNEL NUMBER OF INTERNAL AUDIT DIVISION

Internal Audit Division consisted of 15 Personnel. In performing Monitoring function, Division Head of Internal Audit was assisted by 11 (eleven) Auditors and 3 (three) personnel on Internal Audit Planning and Management..

## INTERNAL AUDIT DIVISION HUMAN RESOURCES COMPETENCY DEVELOPMENT AND AUDIT PROFESSIONAL CERTIFICATION

In performing Audit, Internal Audit Division was supported by professional audit staff, equipped with professional certificate on Audit, Fraud even Risk Management, both from international and national institutions as follows:

- 1 (one) Auditor with CIA (Certified Internal Auditor) and CRMA (Certification in Risk Management Assurance) issued by The Institute of Internal Auditors, CFE (Certified Fraud Examiner) from Association of Certified Fraud Examiners, QIA (Qualified Internal Auditor) issued by Internal Audit Educational Foundation and CRMP (Certified Risk Management Professional) issued by LSPMR (Risk Management Professional Certification Institute).
- 1 (one) Auditor certified with QIA and CRMP;
- 4 (four) Auditors certified with PIA (Professional Internal Auditor) issued by Accounting and Finance Development Centre (PPA&K);
- 3 (three) Auditors certified with QIA;
- Some other auditors were quite experienced and currently in the process of tiered certification education.

Aside from professional certification, to improve the competence and professionalism, the personnel of Internal Audit Division were also active in attending both National and International Seminar forum such as Internal Audit National Seminar (SNIA) and seminar of FKSPI (Intern Monitoring Unit Communication Forum).

### IMPLEMENTATION OF AUDIT DIVISION INTERNAL ACTIVITIES DURING 2016

**Audit Implementation and Mentoring**

For 2016 period, due to the Company was under the transformation process, Internal Audit Division opted to prioritize the consultation side of the Internal Audit by conducting mentoring program towards Revenue Assurance work unit, which recently formed during the transformation process with the following stages:

- Revenue Data Analytic
- Revenue Solution
- Collection Administration
- Collection Handling

Aside from consultation program, which stated formally within the annual work program, Internal Audit Division also actively provided consultation to other work units in needs.

**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, Internal Audit Division also monitored its follow up.

Regularly, on every year end, Internal Audit Division will consolidate and evaluate the result of Audit during the fiscal year period and discuss the following year Audit program proposal to maintain the convergence in conducting Audit activities. For 2016 the hearing session (sarasehan) of entire IAD personnel was held in Bogor on 29 November - 1 December 2016.

### APPOINTMENT AND DISMISSAL OF INTERNAL AUDIT DIVISION HEAD

Internal Audit Division Head was appointed and dismissed by the President Director with the approval of the Board of Commissioners.

## INTERNAL CONTROL SYSTEM

Internal control was a process that covered the Board of Directors, members of the management and other personnel in the Company to provide sufficient confidence on the Company achievement of objectives regarding operations, reporting and compliance. The purpose of the internal control system was to secure the Company or organization to be prevented from achievement of purpose failure, generating reliable Company financial statement, also ensured the Company's activity went in accordance with the prevailing regulation and law. Internal control system also may provide information for the Company's performance assessment base.

Aligned with the Article of Regulation of State Minister of SOE Number: PER- 01/2011 regarding Implementation of Good Corporate Governance at SOE article 26, PGN constantly pursued the internal control system development by referring to COSO (Committee of Sponsoring Organizations of The Treadway Commissions) framework.

### COMPATIBILITY OF INTERNAL CONTROL SYSTEM WITH COSO

Components of Internal Control System in PGN referring to COSO consisted of 5 basic components, namely:

1. Intern control environment within the Company which conducted in discipline and structured, upheld the integrity and work ethics;
2. Review towards overall business risk management;
3. Control activities which described as policy in the form of Work Referral Document, namely Charter, Operational Procedure and Work Instruction which covered every field in the Company, namely engineering, operational, finance and human resources,
4. Information System and Communication which established to maintain the accountability of transactions information quality and communication effectiveness,
5. Monitoring conducted to assess the control quality either continuously or periodically to maintain the control system. The Company must always be adjusted with the current condition.

### EVALUATION TOWARDS EFFECTIVENESS OF INTERNAL CONTROL SYSTEM

One way to measure evaluation and effectiveness, efficiency and compliance in internal control system implementation was by internal audit. To evaluate the implementation of Company internal control system, an Internal Audit Unit called Internal Audit Division was formed. The evaluation result of Internal Audit Division on internal control system implementation, served as one of the Management evaluation base to determine system improvement and enhancement, or policy that allowed Management to engage the Company's operational in more effective manner.

## RISK MANAGEMENT

PGN concern that risk has strong relevancy to business process. In consequence at 2003, we started to have organisational structure Divisi Analisa Bisnis dan Manajemen Risiko (ABMR) using Risk Management standard AS/NZS 4360:1999. In 2009, PGN adopted Enterprise-Wide Risk Management to meet PGN goal. Therefore, we put Enterprise Risk Management (ERM) concept to Risk Management Division Policy based on Director Decree No. 024000.K/SM.02/UT/2009.

The implementation of Risk Management referred to the Regulation of State Minister of SOE Number: PER-01/MBU/2011 regarding Implementation of Good Corporate Governance in the SOE, which amended into the Regulation of State Minister of SOE Number: PER-09/MBU/2012 which stated in Article 25 regarding Risk Management, namely:

1. Board of Directors, in every decision/action making, must consider the business risk;
2. Board of Directors was obliged to establish and conduct integrated the corporate risk management program which served as part of GCG program implementation;
3. The risk management implementation program was executable, by:
    1. Turning Working Unit under the Board of Directors; or
    2. Assigning the existing and relevant Working Unit to implement risk management function.
4. Board of Directors compulsory to submit Risk Management Company Profile Report and its mitigation regularly along with Company's Periodic report.

## VISION AND MISSION

Based on the Injunction of the Board of Directors regarding Risk Management Guideline, the Vision and Mission of risk management are:

- Vision:
- To be a Risk Management based-thinking Company on ongoing basis hence in every management process be conducted effectively, efficiently and accountable.
- Mission:
- Providing optimal contribution towards Company's goal;
- Preventing the company from unpredictable and unexpected event;
- Providing sufficient confidence that the company's risks already well mitigated and calculated.

## ROLE

Risk Management & GCG Division role related to the function of Company Risk Management as stated in the Decree of the Board of Directors No. 017600.K/OT.00/PD0/2016 regarding Working Procedures of President Director's Office are:

- Preparing risk management framework;
- Implementing risk management, by coordinating risk assessment and risk treatment across the entire Working Units, Business Units, Subsidiaries and Affiliations, which also includes coordinating and formulating Corporate Top Risk.

## CORPORATE RISK MANAGEMENT

PGN Risk Management as stated in Risk Management Guideline was referring to the International Risk Management Framework, namely COSO ERM (The Committee of Sponsoring Organization of the Treadway Commission – Enterprise-wide Risk Management), which consisted of 8 components, among others:

1. Internal Environment;
2. Objective 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

Risk Management System Development was started since the implementation of Risk Management Information System (SIMR) in 2012, which transformed the implementation of Risk Management from manual to real-time so that Risk Level, Mitigation status can be updated whenever required. In addition, since 2016 the implementation of risk management process has served as one of the Key Performance Indicators (KPI), where in every Work Unit, Business Unit, Subsidiary and Affiliation was required to conduct the risk management process. Risk Management implementation doing by Risk Management Unit has aligned with Corporate Risk Management Roadmap.

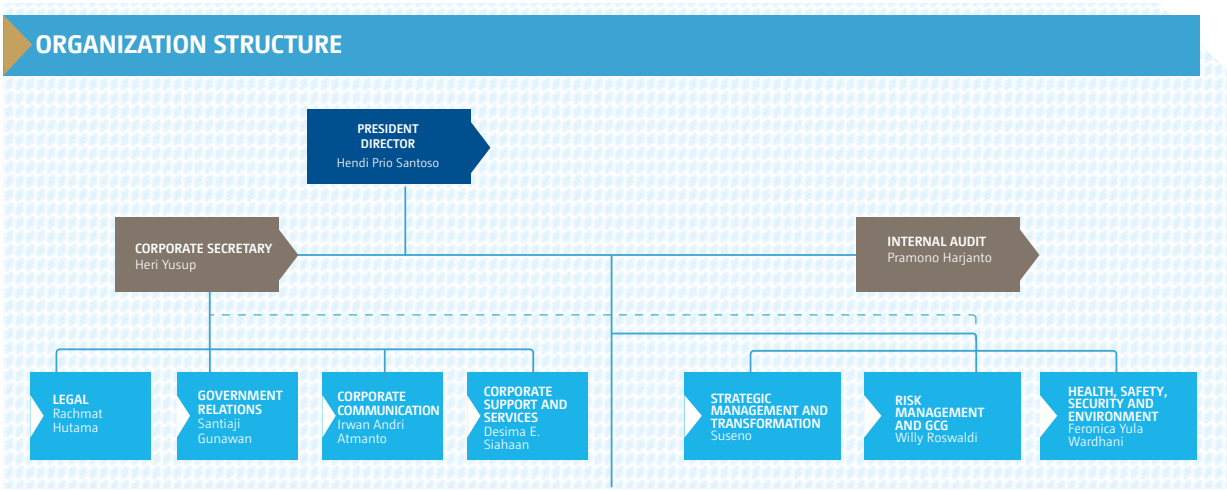
## RISK MANAGEMENT POLICY

The obligation of Risk Management implementation in PGN as stated in the Regulation of State Minister of SOE Number: PER-01/MBU/2011 regarding Implementation of Good Corporate Governance in SOE, which amended into the Regulation of State Minister of SOE Number: PER-09/MBU/2012, cascaded into Company's Internal Policy, namely PGN Risk Management Guideline 2009, also PGN Risk Management Operational Procedure No. O-001/0.46 which prevailed since 2010. In the guideline, Board of Directors of PGN stated that:

1. In order to encounter an ever changing business environment, the management deemed the necessity in determining policy regarding Risk Management, which stated in the Risk Management Guideline. Effective risk management implementation will ensure the continuation, growth and success of the Company;
2. Every decision making in every level in PGN environment must understand and manage the risks effectively hence it will provide greater certainty towards the stakeholders and gained better information regarding business risks to support decision making and increased the value towards the Company;
3. All management levels in PGN environment was obliged to adopt and conduct a risk management both structured (clarity of system and standard, also clear organogram) and consistent of being aligned with strategy, process, human resources, technology and science for the purpose of evaluating and managing the encountered uncertainty;
4. Every activity and decision making, particularly those deemed as significant must have its risk being analysed and maintained in a COSO based framework and risk owner was being responsible to prepare the risk maintaining strategy. Hence the risk analysis result must be documented and served as integrated part of the decision making process also had clarity regarding the authority levels;
5. As part of Good Corporate Governance (GCG) implementation, risk management must be implemented into every critical business system and process hence it may identify and maintain the risks entirely and consistently prior to events that may affect achievement of objectives;
6. Each management level within PGN environment must conduct sustainable improvement on the risk management implementation through supervision in the form of periodic report and proposal of system improvement when needed;
7. Implementation guideline on the management policy will be stated in the Risk Management Operational Procedure to be conducted consistently and responsibly;
8. Risk maintenance must be conducted on the principle of effectiveness and efficiency;
9. Decision making process must consider every risk aspect contained within the risk framework of the Company (PGN Risk Frameworks);
10. Decision making related with resources allocation will be conducted by considering the result of risk assessment;
11. Company risk management was an integrated part from the entire Company management process.

## RISK MANAGEMENT GOVERNANCE STRUCTURE

The Risk Management Governance Structure is coordinated by Risk Management & GCG Division under the President Director, as depicted in the following chart:




Based on the Regulation of the Minister of the State Owned Enterprises Number: PER-01/MBU/2011 regarding Implementation of Good Corporate Governance in State Owned Enterprises, and Number: PER-12/MBU/2012 regarding Supporting Organ of Board of Commissioners/Supervisory Board, the Risk Management and Business Development Monitoring Committee was formed with the purpose of assisting the Board of Commissioners in conducting periodic monitoring and providing recommendation on the policy and implementation of Risk Management along with its business plan and development. Risk Management & GCG Division will provide quarterly report on the Company Risk Profile to the Commissaries through Risk Management and Business Development Monitoring Committee and President Director.

## RISK MANAGEMENT FRAMEWORK SCHEME

In 2016, PGN conducted maturity evaluation of risk management implementation to know and ensure the implementation of risk management has aligned with the prepared path and plan, also obtained the input on increasing the maturity of risk management implementation in PGN. Evaluation of Risk Management Maturity Level was helped by independent consultant, by referring to the 8 components of COSO ERM and Risk Management Evaluation Guideline prepared by the Finance and Development Supervisory Agency (BPKP) for the subcomponents and maturity stages.

The methodology used for measuring maturity level of risk management implementation included survey, interview and focus group discussion (FGD). These three methods were applied on the sample with different job stratification. 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 conducted assessment, the maturity level of PGN risk management 2016 is Mature - Defined (Level 4). At this level, PGN has utilized employed various activities and risk management techniques, and they have become a continuous process. PGN employs a strategy, a risk management policy and it has been communicated; however, the risk register is yet to be completed. Internal Audit Based on Risk (IABR) at this stage has been implemented; the Internal Audit perform its function as 'Consultant' in the company. Also, quantitative method has been implemented in risk analysis.

The measurement results for PGN Subsidiaries is one level below PGN i.e. Mature - Repeatable (Level 3), at this level, the Subsidiary has had a risk management approach but the documentation and risk management information system is yet to complete. Risk Management Information System (SIMR) cannot be implemented yet. IABR cannot be applied yet. However, MR implementation equipped with Manual and Operating Procedures which adequate. Calculation and analysis system is still more qualitative and deterministic.

## CORPORATE TOP RISK

The Company recognizes that with the growing business and external conditions, the risks that the Company faces are increasingly diverse and there are emerging new risks that have not been previously identified. All business processes are always requested to pay attention to conditions outside the Company in order to anticipate new risks.

Throughout 2016, PGN has identified the risks in the entire Units, Business Units, its Subsidiaries and Affiliates. At the end of 2016, there were more than 1600 risk, ranging from extreme, high, medium to low risks. The entire risk mitigation measures have been formulated and monitored by the concerned Process Owner, Risk Management Division and GCG. All risks will be consolidated in the Corporate Risk Profile which presents the key risks that should be a concern to Management, they are as follows:

1. **Compliance & Legal Risk**
   Legal risks are risks arising from managing legal issues that could result in losses for the Company which originate from compliance with regulations as well as demands of other parties. This risk category is divided into sub-categories: Risk Compliance and Legal Risk. In sub-category Legal Risk, the potential for a lawsuit by the counterparty to Subsidiaries/ Affiliates is associated with termination of employment contract, so that it may cause the Company to pay obligation to the plaintiff, and potential of lawsuits against the Company by external parties that can lead to financial losses in the form of a payment obligation to the plaintiff as well as fines to the Company. On the other hand, there is also a potential of Compliance Risk due to inaccuracy in managing Company's taxation, i.e. the perception differences of tax law application and the lack of updating information on a regular basis by Regulator, thereby causing financial losses to the Company in the form of fines.

   In addition to the above, there is also a potential of unperformed Subsidiary's businesses due to the enactment of ESDM No. 6/2016 that requires trading of natural gas has to have the infrastructure in each business enterprise area, this could lead to Company financial loss.

2. **Supply Risk**
   Supply risks occur in managing Natural Gas Supply. There are two critical observed risks, they are: first, the potential for not obtaining the addition/extension of gas supply due to natural decline, and two, not having the agreement of gas prices with suppliers, thus creates a loss of opportunity for the Company and the potential of gas supply unavailability for new market development region due to limited sources of supply in the development area, as well as the provision of gas supply allocation to the other parties, causing loss of opportunity to the Company.

3. **Commercial Risk**
   Commercial risk is the risk that occurs due to natural gas trade activity. This risk category is divided into sub-categories: substitution of energy risk and competition risk (price). In Risk sub-category of Potential transfer of some or all of the consumption volume of natural gas from existing and potential customers due to the use of substitute energy of coal, fuel oil, and electricity, causing a decrease in natural gas sales volumes. Competition risk highlights the potential shift of some or all consumption volumes of natural gas from existing customers

and potential customers to competitors because competitors offer same products thereby causing a decrease in natural gas sales volumes. On price risk, there is a potential of disagreement in price with customers because differences in perception on components of natural gas sales price, thus resulting in problematic receivables.

**4. Strategic Risk**

Strategic risk appears on decision-making and/or implementation of Company's strategy or changes in external conditions. This risk category is divided into sub-categories: investments and project risk, and macroeconomic risk. There are two Risk Investment to be monitored, namely: potential changes in investments value in development pipeline natural gas project in new regions due to uncertainty of prospective customers that has impact on investment economic value and the potential for delays in pipelines construction of natural gas in new regions due to controlled licensing from the Regulator, central government, and regional and industrial area managers, that could cause a loss of opportunity to the Company. On there are two risks in macro-economy: First, the potential decrease in customer usage due to reductions in customer production associated with the weakening global economic conditions, and second, Indonesia could reduce corporate earnings and the potential of 'take or pay' schema due to the gas low consumption, and therefore create an impact on corporate cash flow.

**5. Operational Risk**

Operational risk is associated with operation of operating assets in the ordinary course of PGN business. This risk category is divided into sub-categories: Risk Operation & Maintenance (O&M) and HSSE risk. In Risk Operation & Maintenance (O&M), the potential interference distribution of natural gas to customers arises due to contact between existing gas pipeline with constructions of other utilities, causing financial losses to both PGN and customers, and the potential of operation facility cessation due to equipment damage/failure that leads to financial loss for the Company. HSSE Risk has two risks: Potential of the working accidents/incidents/health problems within subsidiary companies, due to their condition or unsafe behavior and un-standardized Health and Safety procedures, and Potential Risks due to un-readiness of Emergency Response Team (TGD) in dealing with emergencies cause by the Company's lack of competence and experience in dealing with emergencies.

**6. Financial Risk**

Financial risks arise on Company's financial management activities. Those risks are: Potential volatility of interest rates the Company's debt, due to fluctuations in the 3 months LIBOR, causing an increase in financial expense and the USD exchange rate potential fluctuations against the JPY, which could lead to an increase in interest expense and loan obligations related to mismatch between income and liabilities, as well as the emergence of losses translation on Company credits.

## COMPANY'S RISKS AND ITS MANAGEMENT

The objective of risk management is to maintain or decrease the level of risk to a level that can be accepted by the Company. Therefore, the Company needs each risk owners to take Risk Mitigation Measures on each level of risk: Extreme, High, Medium or Low. The list of Mitigation Measures for Risk - Risks faced by the Company are as follows:

**1. Compliance & Legal Risk**

Compliance Risk arises due to the potential of inaccuracy in managing Company taxation due to differences in perception on tax law application and the lack of regular-update information by the regulator, thereby causing a financial loss in the form of fines that could lead to Mitigation, namely: Coordination and communication with tax authorities and to educate officers on how to implement taxation on field. In addition, the potential is not unperformed Subsidiary's businesses due to the enactment of ESDM Regulation No.6/2016 that would require trading

of natural gas to have the infrastructure in each business areas that can lead to Compnay financial lossesm thereby to take Mitigation measures in the form of analysis and strategy formulation on Subsidiary's businesses in order to comply with ESDM (Energy and Mineral Resources) Regulation No. 6/2016.

The potential Legal Risk of lawsuit by counterparties to Subsidiaries/Affiliates associated with termination can lead to obligations of payment to plaintiff/accuser, and this is mitigated by providing guidance of legal settlement to subsidiaries/affiliates; legal review on legislation and contract documents to strengthen the position of subsidiaries/afiliasi. In addition to the potential of lawsuits against the Company by external parties that can lead to financial losses in the form of liability payment to prosecutor/ the state, and fines to the Company, these legal cases are mitigated by providing documentation and evidence to strengthen the Company position; coordinate with law enforcement and follow the proceedings in accordance with applicable regulations; and use legal consultant services during court proceedings.

**2. Supply Risk**

The potential of not obtaining additional/extension of gas supply due to supply of natural decline and not having the gas price agreement with suppliers, thus create the loss of opportunity for the Company, is mitigated by coordinating with regulators (SKK Migas and the Directorate General of Oil and Gas) related to allocation of gas supply and the extension of the Gas Sales Agreement, as well as the search for potential new existing source of supply in the region.

The potential unavailability of gas supply to the area of market development of new gas due to limited sources of supply in the area of development as well as the provision of gas supply allocation to other parties, causing loss of opportunity for the Company, is conducted via Mitigation Measures coordinated with Regulators (SKK Migas and the Directorate General of Oil and Gas) regarding allocations gas supply and using a strategy beyond pipeline transportation modes of Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG); and synchronizing the timeline between deployment of the supply potential gain.

**3. Commercial Risk**

The Risk of Energy Substitution is the potential transfer of part or all volumes of natural gas consumption from existing and potential customers due to the use of energy substitution in the form of coal, fuel oil, shell and electricity, causing a decrease in the volume of gas salesmaintained the level of risk the acceptable level of the Company to do Mitigation Actions such as: preparation of strategy marketing & promotion (value & benefits) in accordance with the types of customers, including socialization and meeting customers regularly, Improved customer service and reliability of gas delivery to the customer, developing products and customer service, either through pipeline transport modes as well as beyond the pipeline in order to provide energy solutions for customer fulfillment.

Risks Commercial of Sub-Category Competition, Potential transfer of part or the entire volume of the consumption of natural gas from the existing and potential customers to competitors due to competitors offer the same product resulting in a decrease in volume of gas sales, shall be mitigated by way of reviewing and developing a strategy on pricing and marketing policy to face the competition and retaining large customers; other startegies include: Implementation of market

intelligence and market analysis, including the development of new markets in the region; Improving the quality of relationships with customers, especially customer decision makers.

The Potential disagreement in price with the customer arises due to differences in perception of the selling price components of natural gas, causing problematic in receivable and is mitigated by evaluating the commercial aspects and negotiations with customers, related to the price or other terms and conditions.

**4. Strategic Risk**

In Investment Risk, Potential changes is in the value of investments i.e. in project development pipeline natural gas in new regions due to the uncertainty of prospective customers that have an impact on the economic value of the investment. The Company employs two (2) Mitigation Measures that have been and are being implemented, namely: conducting surveys and active coordination with prospective customers and preparing options for planning the investments made by considering factors of potential customers.

In Sub-Category Risk Macroeconomics, the potential decrease in customer usage due to a reduction in the customer's production is associated with the weakening global economic conditions and that of Indonesian that could reduce Company's revenue and has the Mitigation Measures to include: Review and analysis of the development of the World Economy and the Domestic as well as for new customers instead of customers canceling subscription/lowering consumption. While the potential of the emergence of take or pay because of the low consumption of natural gas that has an impact on company cash flow, the Company is currently implementing Mitigation Measures to include: Setting up a strategy to increase sales, mapping and expansion of new markets as well as monitoring the distribution of gas to customers as well as analysis of the scenario-making Make Up Gas which will be implemented in subsequent years due to the 'take or pay' scheme.

**5. Operational Risk**

Operation & Maintenance (O & M) has the potential of interference distribution of natural gas to customers due to contact between the existing gas pipeline with the construction of other utilities, causing financial losses for both PGN and the customers, and is mitigated by conducting a study on intersection of other utilities with the existing pipe and implementing the recommendations of the study results in the form of network reinforcement. The potential of the cessation of operations due to damage to facilities/ equipment failure, could cause financial loss to the Company, and is mitigated by implementing preventive and scheduled maintenance; insuring Main operating infrastructure.

Operational Risk Sub Category HSSE has the Potential accidents/incidents/health problems on the personnel within Subsidiaries for their condition or unsafe behavior and unstandardized procedure occupational safety and health is mitigated by implementing standards and Culture Occupational Safety and Health PGN in Subsidiary

companies, as well as preparation of operating procedures Occupational Safety and Health. The risks in the unpreparedness of the Emergency Response Team (TGD) are dealt with emergencies due to the lack of competence and experience of the personnel in hadling the emergency situation, and are mitigated by preparing of emergency response procedures and implementation of emergency training and exercise.

**6. Financial Risk**

Financial Risk has the potential volatility of Company's debt interest rates due to fluctuations in LIBOR 3 months, causing an increase in Company financial burden and is mitigated by developing operational Procedures of Hedging and preparing studies of Planning Hedging Activity on fluctuations in the LIBOR 3 months as a basis for implementing hedging activities when required. Potential fluctuations in the exchange rate of the USD against the JPY which could lead to increase in interest expense and loan obligations related to the mismatch between income and liabilities as well as the emergence of losses translation on loans obtained by the Company is mitigated by Developing Operational Procedures Hedging and preparing Planning Hedging Activity on the movement of value 3-month LIBOR as a basis for implementing hedging activities when necessary.

## IMPLEMENTATION OF RISK MANAGEMENT PROGRAM

The work program of Risk Management in Risk Management & GCG Division in 2016 includes:

1. Assisting the assessment and risk monitoring;
2. Creating Risk Aggregation report for 2016;
3. Focus Group Discussion (FGD) reviewing the Risk - Key Risk (Top Risk);
4. Focus Group Discussion (FGD) Preparation and Monitoring Project Risk Profile;
5. Focus Group Discussion (FGD) Formulation & Monitoring Risk Profile Subsidiaries;
6. Dissemination of Risk Management;
7. Selection of Risk Management Award;
8. Initiating Implementation of Lost Event Repository;
9. Initiating of Development Business Continuity Management System;
10. Conducting Conscious Risk Behavior Program;
11. Revising Reference Documents of Risk Management;
12. Using of Oracle GRC Assistance;
13. Adjusting Minor maintenance (business process structure) SIMR Oracle GRC;

The Work Program of Risk Management function in PGN is implemented to achieve Maturity Level listed in Enterprise Risk Management Roadmap 2016.

# MAJOR LEGAL CASES FACED BY PGN

Until December 31, 2016, there are three (3) legal cases or lawsuit worth of material against PT Perusahaan Gas Negara (Persero) Tbk (PGN). Those cases are matters of continuation or still undecided and/or have legally enforceable in the previous year. Those cases are as follows:

**PGN MAJOR LEGAL CASE DURING 2016**

| **CASE OF ARBITRATION CRW** | |
|---|---|
| Case No. | 18272/CYK |
| Institute | International Chamber of Commerce, International Court of Arbitration |
| The parties | CRW Joint Operation (Plaintiff)<br>Versus<br>PGN (Defendant) |
| Case Value | USD17,298,834,57 |
| Case Principal | This case originated from the Decision of the Dispute Adjudication Board # 3 (DAB # 3) on November 25, 2008 which decided that the CRW Joint Operation was entitled to receive payment of USD17,298,834.57,- of occupational gas pipeline located in Grissik - Pagardewa No.002500.PK/243/UT/2006 on contractual basis as amended in No. 002000.AMD/HK.02/UT/2008 dated October 24, 2008. Over the DAB Decision, PGN has filed a Notice of Dissatisfaction. |
| Status of Case Settlement | Furthermore, on November 3, 2011, PGN received a letter from the ICC Secretariat dated November 1, 2011 revealing that the Request For Arbitration of CRW Joint Operation to PGN, through the power of the Law of CRW Joint Operation Drew & Napier in accordance with the letter dated October 28, 2011 settlement of these problems. |
| | On October 12, 2012, CHS has filed plaintiff's Application for Interim/Partial Award. On the Application filed by the CRW, on November 26, 2012, PGN has delivered The Respondent Against Submission of Application for Interim Award. On May 22, 2013, the Tribunal has decided Interim/Partial Award (Injunctions) requesting Company to pay in advance the claims submitted by CRW for USD17,298,835, - before eventually re-analyzed (reopened), and finally decided on Final Verdict. To the issuance of the Interim Award, the Company has applied for cancellation of the Interim/Partial Award in the High Court of Singapore. On October 10, 2013 Singapore High Court Judge issued a decision which in essence did not agree with the proposition submitted by the Company and reaffirmed Interim/Partial Award. |
| | The decision on the High Court of Singapore, on November 11, 2013 the Company has filed Appeal to the Court of Appeal of Singapore. Given the filing of Appeal referred to above did not stop the process of arbitration, the Tribunal continued the process of examination of this case. |
| | On September 25, 2014, the Tribunal issued a ruling majority (Partial Award) canceling CRW claim that Manufacture & Installation of Additional Bends and Additional Cost. Next would be open up the process, with the remaining claims of CRW. |
| | On May 27, 2015, the Judge Court of Appeal has issued a decision which in essence rejected the PGN and upheld the ruling of High Court of Singapore. Against the Singapore Court of Appeal ruling that PGN has submitted an objection letter to the Tribunal given by the Partial Award lawsuit value of US $ 17,298,835 has been reduced. |
| | Singapore's Court of Appeal ruling as referred to above did not stop the process of arbitration, the Tribunal continued the process of examination of this case. |
| | On September 18, 2015, the Tribunal published a Final Award in essence asked PGN to pay to the claimant the amount of USD 6.5 million. |
| | On the Final Award, on December 17, 2015, the Company was to take legal actions in the form of setting aside the High Court of Singapore. |
| | On December 20, 2016, PGN has made payment of the Final Award to the CRW. |
| | With the repayment of the amount results PGN Final Award by the parties to the CRW then the case has been completed. |
| Impact on Company | No Effect on the Company. |

| NOTICE OF ARBITRATION GAS TRANSPORTATION RATES IN TRANSGASINDO | |
|---|---|
| Case No. | - |
| Institute | Arbitrase London |
| The parties | ConocoPhillips (Grissik) Ltd (Plaintiff I)<br>Petrochina International Jabung Ltd. (Plaintiff II)<br>versus<br>PT Transportasi Gas Indonesia (Defendant) |
| Case Value | USD 165.700.000 |
| Case Principal | Plaintiffs filed a lawsuit against Transgasindo 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. |
| Status of Case Settlement | On May 19, 2014, Transgasindo 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 demands for ambiguity arising out of and in connection with the Gas Transportation Agreement.<br><br>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" value of the lawsuit has been changed into a maximum USD131,4 million.<br><br>Transgasindo 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 11 September 2015 and Hearing has been carried out on 19 and October 23, 2015.<br><br>Based on the Final Award dated February 8, 2016, Transgasindo required to pay a sum of:<br>• USD33.300.000 as losses on the rate increase between 11 August 2010 to 30 September 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.<br>• 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.<br>• USD2.666.406,96 as plaintiff arbitration costs.<br><br>In the period ended September 30, 2016 and December 31, 2015, Transgasindo has recognized the loss in profit/loss related to this case, each for USD7.632.771 and USD37.547.669.<br><br>Management has reviewed to file further legal proceedings against the decision. |
| Impact on Company | No Effect on the Company |

| PROCUREMENT CASE IN PT KALIMANTAN JAWA GAS (KJG) | |
|---|---|
| Case No. | 583/Pdt.G/2014/PN.Jkt.Pst dated December 10, 2014 |
| Institute | Central Jakarta district court |
| The parties | PT Dwisatu Mustika Bumi (Plaintiff)<br>versus<br>KJG (Defendant)<br>PT Berkah Mirza Employee (Defendant I)<br>PBJV Group Sdn BHD (Defendant II) |
| Case Value | - Material USD 2,890,000, and<br>- Nonmaterial USD 85,873,500. |
| Case Principal | This case is a civil case on action against KIG who terminated a contract with a consortium of Dwisatu Mustika PT Bumi, PT Blessing Mirza Employeei and PBJV Group Sdn BHD who could not submit a performance bond as required by the contract. Plaintiff accusations of breach of contract to the KIG, which KIG was deemed not provide the documents requested by the plaintiff to meet the performance bond required by KIG resulting plaintiff could not proceed EPC Project Construction and Operation of Transmission Segment Kalija I (Kepodang-Tambak Lorok) |
| Status of Case Settlement | On November 10, 2015 the court decision issued by the Central Jakarta District Court of Central Jakarta District Court was not authorized to investigate and trial the case.<br><br>Associated with the decision of the Central Jakarta District Court, until the date of the consolidated financial statements, no further developments on this case. |
| Impact on Company | No Effect on the Company |

# INFORMATION ON ADMINISTRATIVE SANCTIONS

Throughout 2016, there were no administrative sanctions imposed by the Capital Market Authority or any other authority to PGN, members of the Board of Commissioners and Board of Directors.

**COMPANY'S COMPLIANCE TOWARDS RULES RELATING TO CAPITAL MARKET**

| No. | Regulations | Summary of the Regulations | Implementation |
|---|---|---|---|
| 1 | POJK No. 32/POJK.04/2014 on Planning and Implementation of General Meeting of Shareholders of Public Company. | Regulate mechanism and timeframe, the rights of Shareholders in implementing GMS. | The Company has implemented GMS April 8, 2016 in accordance with the procedures set forth in POJK No. 32/ POJK.04/2014. |
| 2 | POJK No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Issuers or Public Companies. | Regulate requirements of the Board of Directors and Dekom. | The Board of Directors and Board of Commissioners were appointed to meet the requirements, to have the duties and responsibilities, and to implement appropriate mekasnisme POJK Meeting No. 33/POJK.04/2014. |
| 3 | POJK No. 34/POJK.04/2014 concerning the NRC Issuers or Public Companies | Regulate inter alia on membership, the meetings, as well as guidelines for the nomination and remuneration committee. | The Company has a Nomination and Remuneration Committee with the membership, duties and responsibilities as well as the meetings mekanime based POJK No. 34/POJK.04/2014. |
| 4 | POJK No. 35/POJK.04/2014 concerning Corporate Secretary Issuers or Public Companies. | Regulate, among others about 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 POJK No. 35/POJK.04/2014. |
| 5 | POJK No. 31/POJK.04/2015 on disclosure of information or material facts by the Issuer or a Public Company. | Regulates the disclosure of information in the event of a material fact, ie 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 information disclosures through appropriate mechanisms in accordance with POJK No. 31/POJK.04/2015. |
| 6 | POJK No. 55/POJK.04/2015 on the Establishment and Implementation Guidance of the Audit Committee | Regulate among others on the establishment, membership, 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 POJK No. 55/POJK.04/ 2015. The Audit Committee has an Audit Committee Charter which was ratified on January 7, 2016. |
| 7 | SEOJK No. 30/SEOJK.04/2016 on Form and Content of the Annual Report of the Issuer and Public Companies. | Regule Annual Report of Issuer and Public Companies. | The Annual Report has been prepared with the appropriate form and content according to SEOJK No. 30 SEOJK.04/2016. |

# COMPANY CODE OF ETHICS

Code of Business Ethics and Work Ethics (the Code of Conduct) is a Company commitment in carrying out and describing the cultural values ProCise consisting of five main values, namely Professionalism Continuous Improvement, Integrity, Safety, and Service Excellence. 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 regarding Guidelines for 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 mission;
- 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 reference of the whole company behaviors in carrying out the duties and responsibilities of each Stakeholder and interact with the Company.

In the development of GCG, PGN has formulated various policies concerning the Company ethics. PGN seeks the best application of ethical standards in conducting all its business activities in accordance with the vision, mission, and the culture through implementation of Business Ethics and Work Ethics. Business Ethics and Work Ethics are the guiding attitudes and behaviors that are required and applicable to all levels of the Company. The Company is fully aware that a good relationship with Stakeholders and increase Shareholders value in the long term can only be achieved through business integrity in all PGN business activities as listed in Business Ethics and Work Ethics.

## FUNDAMENTALS OF CODE OF ETHICS

Business Ethics and Work Ethics is a set of norms, values and follow the act which is believed by the Company Management as a standard of behavior that is ideal for the Company. Ideal behavior shall be developed based on noble values believed to be the cultural levels that the Company's working in.

1. Business Ethics
   PGN develops its business ethical guideline which is a standard of behavior in business and provides guidance to the Company as an entity, to interact and connect with its Stakeholders. Application of business ethics is expected to help the Company to improve performance by taking into account the interests of Stakeholders ethically, and based on the rule of law. Broadly speaking, the ethical guidelines of the business is about standards of conduct that should be made when PGN is associated with its Stakeholders, eg, concerning the disclosure of information, equal treatment and the fulfillment of Stakeholders' rights, antitrust, protection of human rights, gratuities, protection of intellectual property rights and others. Some Business Ethics that applies to Employee PGN are:

   a. The Ethics between the Company and its Employees
      PGN protects the interests of its employees in accordance with the applicable legislation. PGN believes that employees are one valuable asset in supporting the vision and mission of PGN.

      The ethical behaviors expected in dealing with workers, among others:
      - Provide equal opportunities in terms of remuneration, promotion and awards to all employees in accordance with the concerned performance, competence and loyalty;
      - Protect the rights of employees to choose or not choose to be members of trade unions;

- Create a working environment that is safe, healthy, conducive and free from all forms of pressure and intimidation;
- Implement the Collective Labor Agreement (CLA) consistently.

b. The ethics between the Company and its Customers

The Company emphasizes its service excellence, proactive and responsive attitude in dealing with customers. Expected ethical behaviors in dealing with customers are, among others:

- Be polite and professional with the customers (excellence service);
- Communicate product information completely and accurately, particularly related to the specifications, service and safety of the product;
- Be proactive and responsive in understanding and meeting the needs or expectations of customers.

c. Ethics of the Company with the Goods and Service Providers

Company carries out procurement of goods and services based on the principles of a competitive, transparent, fair, reasonable and accountable.

Ethical behavior expected in dealing with suppliers and services include:

- Determination of Providers of goods and services must be based on product quality, after-sales service, warranty, achievements and track record according to the interests of the Company;
- Respect the rights and obligations in accordance with the commitment agreement and statutory provisions;
- Establish open communication during procurement process to fulfillment of the rights and obligations of all parties;
- Evaluate Providers' goods and services and provide decisive action to providers of goods and services for unethical behavior.

d. Ethics with Company's Creditors

The Company receives loan funding that is intended for the benefit of the business and to the add value of the Company.

Expected ethical behaviors in dealing with creditors, among others, are:

- Selection is based on the interests of the Company's creditors to consider the benefits, costs and risks;
- Respect the rights of creditors including the right to obtain information regarding the use of funds in accordance with the commitment agreement and the statutory provisions.

e. Ethics of the Company with the Government

In relation to interaction with national and local government, the Company shall maintain a harmonious constructive and respectful relationship.

Expected ethical behaviors in dealing with regulators, among others, are:

- Establish contact and good communication with the Regulators to develop healthy business climate, good competition and foster the competitiveness of national economy;
- Meet all business and professional license requirements in accordance with the principle of compliance that are applicable with the law.

f. The Ethics of the Company with the Public

The Company is to implement social and community programs to empower the potential of local communities and improve the quality of life and synergize with government programs.

Expected ethical behaviors in dealing with the public, among others, are:

- Be aware and optimize the distribution of Company aid programs for the public;
- Provide opportunities to people who want to know about Company activities within certain limits and to promote local products at Company events;
- Not take any actions that lead to societal discrimination based on ethnicity, religion, race and inter-group.

g. The Ethics between Shareholders and PGN
The Company is committed to increasing shareholder value in accordance with the provisions of Legislation. The ethical behaviors in dealing with shareholders, among others, are:
- Provide equal treatment (fairness) to all shareholders and investors in accordance with the number and type of shares owned, to be able to exercise their rights within Compan budget and applicable legislation;
- Provide information declared openly to Shareholders in a manner of complete, accurate, timely and easily accessible in accordance with the laws through one door policy;
- All investors and Shareholders are subject to Articles of Association and all resolutions taken lawfully in the GMS.

h. The Ethics between Suppliers and Natural Gas Company
PGN is aware that the business of natural gas transmission and distribution is closely linked to the availability of natural gas from its suppliers. The Company continues to make efforts to establish a harmonious cooperation and mutual benefit with its natural gas suppliers. The expected ethical behaviors in dealing with gas suppliers, among others, are:
- Conduct good cooperation, harmony and mutual benefit in accordance with the provisions of gas purchase agreement and statutory provisions;
- Give priority to negotiations for deliberation in resolving disputes with natural gas suppliers. Measures through legal system are the last step used in the settlement of disputes.

2. Work Ethics
Based on the values of corporate culture and the principles of Good Corporate Governance, PGN has compiled the Code of Ethics a guide to all PGN employees to carry out their duties and responsibilities. Some of the Codes of Ethics that apply to PGN Employee are:

a. Individual commitment
Every PGN Employee is required to provide the best capability to support PGN achievement. The commitment is realized through:
- Constantly improve one's competence according to the job demands;
- 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;
- Have the initiatives to implement changes that have value-added;
- Giving priority to Company interests and do not do things that could create conflict of interest;
- Adhere to policies, systems, procedures and other applicable provisions;
- Maintain all Company resources in order to maintain continuity of Company's business, health and safety;
- Take an active role and contribute to improvement of natural environment and social environment around operation areas;
- Provide the best service for internal and external customers;
- Identify customer needs and maintain good relationships with customers;

- Work professionally and be aware of the costs for optimal performance;
- All officers in the Company shall be active and willing to enter full-time service, must fill out and report Wealth Report of State's Employee (LHKPN) to Corruption Eradication Commission (KPK).

b. Working Together amongst PGN Employees
- Be honest, polite and orderly towards PGN fellow employees, as well as to respect for any differences of gender, ethnicity, race, and inter-group;
- 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, legislation 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 pose conflict of interest between personal interests and interests of the Company. The behaviors to avoid conflict are:
- Not have share/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 have 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. Give Acceptance
PGN Employee not to receive any gifts/ souvenirs/ gratuities of any kind relating to his/ her position and works, except:
- receive a banquet;
- receive promotional items that include his/ her logo/name

f. Gift-giving
PGN Individuals can give gifts/souvenirs and entertainment to other parties on 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 Company's assets in accordance with Company's objectives. This is realized through:
- Be responsible for maintaining and securing Company's assets from loss, and damage
- Conduct savings/efficiency in the utilization of the Company's assets;
- Be responsible for asset management and avoid its use beyond the interests of the Company.

h. Data Recording and Reporting
PGN personnel required to manage the data, reports and information as well as possible as a very important input in the decision making process. This is realized through:
- Prepare reports based on sources of information are trustworthy and accountable;
- Presenting the report in a timely, accurate, and communicative;
- Do not hide data and reports that should have been delivered.

i. Corporate Data and Information Confidentiality
PGN Employees utilize Company data and information to increase Company's added value in decision making:
- Using adequate data security systems;
- Avoid dissemination of data and information to others who are not of any interest either during or after work hour;
- Submit all data related to the Company at the time of dismissal;
- Maintain information confidentiality about consumers.

j. Occupational Health and Safety and Environmental Management Occupational Health and Safety and Environmental Management (K3PL) are part of the Company culture. PGN the Company behavior is associated with the implementation K3PL and is realized through:
- A mandatory to understand the situation and conditions of security, safety and healthy of working environment and to comply with the regulations on occupational health and safety and environmental management;
- Response to incidents and emergencies caused by security problems, accidents, pollution, and other natural disasters;
- Participating in creating a safety and healthy working environment.

k. Political activity
The Company provides an opportunity for every the Company to channel his/her political aspirations, but if the Companys decide to participate in practical politics, he/she must comply with applicable regulations.

Ethical behaviors related to political activities are, among others:
- Not become officials of any political party and not to use the Company's facilities for the benefit of a political party;
- Not to contribute in any form to any political parties outside the provisions of applicable legislation.

## CODE OF ETHICS APPLICATION TO ENTIRE ORGANIZATION LEVEL

During 2016, PGN's commitment in implementing GCG continues to increase, one of them through the implementation of GCG training, socialization of GCG and Business Ethics and Ethical Guidelines for Workers conducted regularly. The Company has also distributed a handbook on Business Ethics and Worker Ethics presented by the Division of Organization and Business Processes to all workers.

Business Ethics guidelines and Work ethic is the foundation in implementing the Company's activities. Therefore, in practice PGN workers in 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 their unit / unit which they managed. Therefore, the manager / work unit must conduct monitoring on the implementation.

## DEPLOYMENT OF CODE OF ETHICS

Guidelines for Good Corporate Governance and Code of Business Ethics and Workers Ethics have also been published on the Company's website http://pgn.co.id and Company's portal http://portal.pgn.co.id and can easily be accessed by all employees of PGN.

The work ethic and business ethics must be implemented consistently by the Board of Commissioners, Board of Directors and employees as the work culture in the daily operational activities. To support the implementation of business ethics and work ethics, PGN develops procedures for the dissemination and publication of the ethics and procedures for implementation, reporting, monitoring and evaluation.

Companies internalizes the Guidelines of Business Ethics and Work Ethics to improve understanding of the PGN workers on Ethics in accordance with ProCise culture and the principles of Good Corporate Governance. The specified internalization and communication process aims to provide insight to PGN workers.

### CODE OF ETHICS IMPLEMENTATION AND ENFORCEMENT FORM

In implementing and enforcing the code of ethics, PGN has made policies in the form of guidelines that have been disseminated among other things:

**Good Corporate Governance Guidelines**
Guidelines for Good Corporate Governance established by The Board of Directors by Decree No. 006901.K / OT.01 / UT / 2012 dated March 6, 2012. These guidelines are the basis for PGN guide to run the business. The guidelines also provide guidance to employees of PGN to apply the principles of good corporate governance in Business activities

**Business and Work Ethics Guidelines**
The Company has a Business Ethics and Work Ethics Guidelines established by the Decision of the Board of Directors Number: 002600.K/HK.00.01/UT/2013 dated January 25, 2013 concerning Business and Work Ethics Guidelines. These guidelines become references for the company organs and employees in carrying out business activities and dealing with stakeholders.

**Board Manual**
Board Manual is guidelines for the Board of Directors and the Board in carrying out their duties. Broadly speaking, Board Manual contains work relationship guidelines between Board of Directors and Board of Commissioners, including the duties, responsibilities, ethics, authority and rights. Board Manual is based on the Indonesian corporate law principles that adopts two tiers and are based on legislation, PGN articles of association, GMS and best practices in the implementation of Good Corporate Governance.

**Code of Ethics: Sanctions for Violations**
Sanctions imposed for any violation of business ethics adapted to the prevailing regulations, related engagement documents, and the Collective Labor Agreement between the Company and Workers. Penalties for violation of work ethics are stipulated in the Collective Work Agreement between the company and workers.

**Code of Ethics: Violation and Penalties in 2016**
As of December 31, 2016, there was no violation of the Company's Business Ethics by the Company while while for Violation of the work ethic has been sanctioned in accordance with the Collective Work Agreement between the company and workers.

## WHISTLEBLOWING SYSTEM

Currently, the Company has issued Whistleblowing System Guidelines established under PGN Directors Decision No: 066303.K/PW.01/UT/2013 dated December 24, 2013 regarding Whistleblowing System Guidelines.

In line with the Company's commitment in the implementing GCG, PGN continuously take into account the interests of all stakeholders based on the principles of fairness and equality according to the principles of GCG. However, in practice, due to neglection or lack of attention, the rights of the Company's stakeholders, often appears violation reports on the part of stakeholders. Reports of violation by stakeholders

If this can not be resolved properly can potentially harm the stakeholders and or the Company itself. Therefore, a standard mechanism is required in handling reporting violations to avoid disputes or protracted dispute between the stakeholders and the Company that may impact on the reputation and public confidence in the Company.

Whistleblowing Guidance System (Violation Reporting Management Policy) Companies authorized by decree of Directors Number: 066303.K / PW.01 / UT / 2013 dated December 24, 2013, is a system that can be used as a medium for a witness, to submit information on violations indicated to occur in a company that can not be resolved through the normal Company procedures.

Reports obtained from the Violation Reporting Mechanism (whistleblowing) is necessary to get the attention and follow-up, including the imposition of appropriate penalties in order to provide a deterrent effect for offenders and also for those who has the intention to commit violation.

The objectives of Company's Whistleblowing System are as follows:

1. As a foundation or implementation guidelines in dealing with violation reports from stakeholders;
2. As a reporting channel to the things that can not be resolved through the normal organization procedures;
3. Ensuring the completion of resolution mechanism of reported violations that is effective and in sufficient time by the stakeholders;
4. Avoid negative publication towards the Company;
5. Support fairness principles in relationship between the Company and stakeholders as the businessmen and Company's associate
6. As one of the efforts in the disclosure of various problems in the company that is not in accordance with the applicable ethical Company standards

## REPORTING VIOLATION REPORT

Provisions in Management of Reporting on Company Violation consists of:

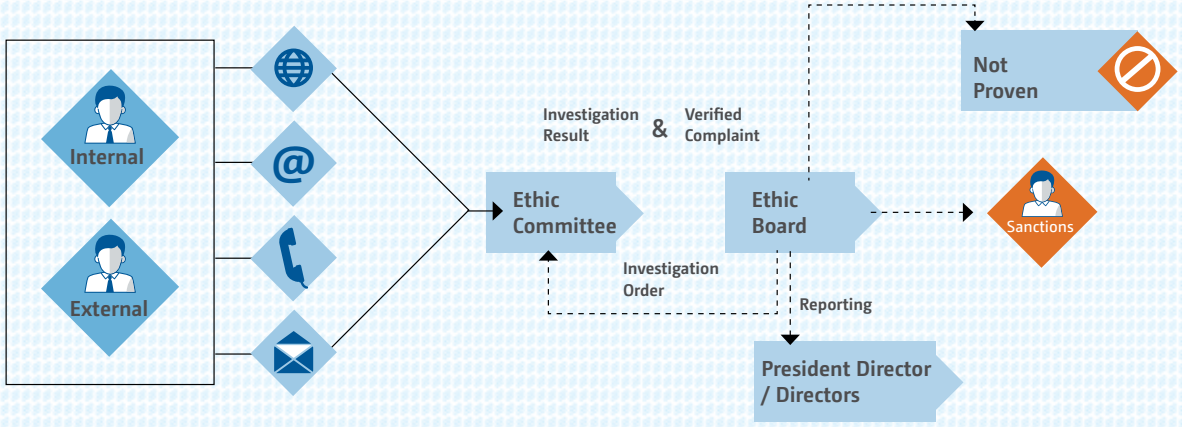
1. The Company's obligation to receive and resolve the violation report.
   In this the case the Company:
   a. Is obliged to receive the Violation Report from internal and external parties;
   b. Is obliged to receive and resolve the violation report by both reporter with identifications also those without reports.
   c . Provide violation report management channel that is through the Ethics Committee;
   d. Ethics Committee shall process any violation report in accordance with the context of the party being reported.

2. Reporting Violation Report
   The Company has set up a mechanism in Reporting Violations Report, which includes:
   a. Reporting of violations submitted to the Ethics Committee both concerning the Board of Commissioners, Directors and Workers of the Company;
   b. Reporting of violation may be done during or outside office hour.
   c Violation report are reported through official channel of the Company,
   d The Company receives any violation reports submitted by the stakeholders and / or representative of stakeholders verbally or in writing;
   e. The Company provides a description of the policies and procedures for reporting violations at the time the stakeholders and / or representatives of stakeholders filed a violation report;
   f. Reporting of alleged violations are submitted in writing or verbally with the mechanism as follows:
      - Through Company's website: www.pgn.co.id, sub section "Reporting Violation"
      - Through e-mail at etik@pgn.co.id;
      - By telephone at extension "ethics", in which each reporting violations phone logs must be equipped with sufficient information about the reporter and the substance of the report;
      - Through PO BOX, which will be opened periodically to include Minutes and witnessed by a minimum of two (2) personnel from SPI and GCG;
      - Official letter addressed to the Company c.q PGN Ethics Committee, by way of direct transfer or by mail to the Company at the address: Komite Etik PT PGN (Persero) Tbk The Manhattan Square Mid Tower, 26th Floor Internal Audit Division.

g. Reporting violations in writing is advisable to include such supporting evidence such as: documents relating to the evidence of an early indication of violations;
h. If violation reports which is submitted in writing, the Company provides a receipt, and if the violation report is not equipped with the identity thus
will be recorded in the list
Reporting Violation
i. If, violation reports filed by representatives or stakeholders, in addition to the above documents are also submitted other documents which are:
   - Copy of identification of the stakeholders and representative of the stakeholders;
   - Power of Attorney from stakeholders to the representatives of stakeholders stating that stakeholders give authority to act for and on behalf of the stakeholders; if representatives of stakeholders is an institution or a legal entity, it must be accompanied by a document stating that the party who filed the reporting violations or agency authorized to represent the legal entity.

j. The Company shall submit the receipt for violation reports to the stakeholders and / or Representative of the stakeholders which filed the report.

## WHISTLEBLOWING SYSTEM PROCESS




## PROTECTION FOR WHISTLEBLOWER

Protection for reporter also has to be observed in the Corporate Whistleblowing System. Guidelines. The followings are governed as the form of protection for the reporter:

1. The Company is obliged to protect the reporter;
2. The specified protection for the reporter is to support the courage to report a violation;
3. Protection for the reporter includes:
   a. Guarantee on the confidentiality of the reporter identification in the report;
   b. Security guarantee for the reporter and his family.
4. A reporting violation shall receive protection from the company towards adverse treatment such as:
   a. Unfair dismissal;
   b. Degrading of position or rank;
   c Any form of harassment or discrimination, and;
   d. Records that harms the personal data files (personal record file).

## REPORT HANDLING

In chapter III, the Company has set up Guidelines on the measures taken in Whistleblowing System Guidelines in Handling Violation Reports which includes:

Recommendations on whether or not an investigation is required based on the received verification reports by the Ethics Committee is given within a period of 10 (ten) business days;

The recommendations from the Ethics Committee are then submitted to the Board of Ethics to which then it will be decided whether or not an investigation for the violation reports is required in a period of ten (10) working days;

If verification reveals that the violation report is not true and there is no evidence that thus there will be no further processing. On this matter, minutes is made and signed by the Board of Ethics;

If verification reveals any indication of violations accompanied by sufficient evidence, the Board of Ethics decided that the reporting violation can be processed to the stage of the investigation;

Related to the reporting of violations which involves employee(s) of PGN that requires investigation, must be followed up with an investigation conducted by the Ethics Committee and if necessary use the support of other related functions as well as external parties;

The Ethics Committee reported the investigation report to the Board of Ethics;

The Board of Ethics shall decide the follow up of the investigation result and determined the status of the reporting violation whether the case will be closed and not proven or is penalized, also will report to the President Director or Board of Directors;

In the case where the investigation report is proven involving employee(s) of PGN, thus the follow up shall be settled by the Board of Ethics without involving other parties;

In the case where the investigation result proven that it involves member of Board of Directors, members of Board of Commissioners, Supporting Organ to the Board of Commissioners, and members of Board of Ethics this the follow up is settled by the Board of Directors without involving other parties;

Violators whom are proven by the result of the investigation, shall be processed in accordance with the applicable laws and regulations.

## PARTIES MANAGING VIOLATION REPORT

Whistleblowing System Organ tasked with managing Whistleblowing System is the Ethics Committee which is responsible to the Board of Ethics.

The Ethics Committee is an independent function or unit from the day to day operations of the Company and have access to the top leaders in the company. Functions or independent units include Internal Audit Unit (IAU) / Internal Audit, supported by the Legal function, GCG and Human Resources if necessary.

Task division in the Ethics Committee includes 2 (two) sections:

1. Report Receptionist
   Namely section in charge of receiving the reporting of violations, selecting reports to be processed further by the investigation section (investigation) without opening the reporter's identity, Reception Reports are also responsible for the implementation of the reporter's protection program, especially of confidentiality and security aspects of the reporter. For this purpose, the staff in this section has access to legal aid, financial and operational.
   If required
2. The Investigation Section
   Namely the duty to conduct further investigations concerning towards reported substantial violations. The objective is to identify and collect required evidence to ensure that a violation has occurred. In the case where there are sufficient evidence, thus the penalty recommended towards the committed violation is given to the Board of Ethics to make the decision. However, if there are no sufficient evidence, then the investigation process

is terminated and the violation report is not processed. In order to perform the task, the officer in this section shall receive support and operational access and information on all units being investigated.

Ethics Committee is responsible to the Board of Ethics Board of Ethics is the organ responsible directly to the President Director and his duty is to decide the termination of investigation or instruct the execution of an investigation, recommend reporting violation status, penalizing, and monitor the follow up of the reporting violation. Chairman and members of the Board of Ethics consists of the Board of Directors appointed by the President Director and responsible to the President Director. In the event that the proven investigation concerns members of the Board of Ethics, the person being reported can be replaced by one of the members of the Board through the appointment of the President Director.

### RESULT OF REPORT HANDLING

Each investigation report conducted by the Ethics Committee shall be reported to the Board of Ethics. The Board of Ethics shall decide the follow up of the investigation result and determined the status of the reporting violation whether the case will be closed and not proven or is penalized, also will report to the President Director or Board of Directors. In the case where the investigation report is proven involving employee(s) of PGN, thus the follow up shall be settled by the Board of Ethics without involving other parties. In the case where the investigation result proven that it involves member of Board of Directors, members of Board of Commissioners, Supporting Organ to the Board of Commissioners, and members of Board of Ethics thus the follow up is settled by the Board of Directors without involving other parties. Violators whom are proven by the result of the investigation, shall be processed in accordance with the applicable laws and regulations.

### REPORTING THROUGH WHISTLEBLOWING SYSTEM IN 2016

Throughout 2016, there has been no report addressed through the Whistleblowing System reporting channel.

## PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements are prepared based on the Indonesian Financial Accounting Standards (GAAP), which includes the Statements and Interpretations issued by the Financial Accounting Standards Board Accounting Association of Indonesia (DSAK) and Rule No. VIII.G.7 regarding Presentation of Financial Statements Guidelines issued by the Authority Financial services (FSA). The preparation of financial statements conducted by the Accounting Division.

In conducting the preparation of financial statements, Accounting Division is supported by the professional accountant who is equipped with a professional certificate in Accounting both from international institutions and national institutions as follows:

- 8 (eight) Accountant has certified CA (Chartered Accountant) issued by the Institute of Accountants Indonesia (The Indonesian Institute of Accountants);
- 6 (six) has certified CPMA Accountants (Certified Professional Management Accountant) issued by the Institute of Management Accountants Indonesia (The Indonesian Institute of Management Accountants);
- 4 (four) CPSAK Certified Accountants (Certified Statement of Financial Accounting Standards) issued by the Institute of Accountants Indonesia (The Indonesian Institute of Accountants);
- 3 (three) Certified Accountant CMA (Certified Management Accountant) issued by The Institute of Management Accountants;
- 1 (one) Certified Accountant CPA issued by CPA Australia.
- 1 (one) PPJK Certified Accountants (Customs Expert Certificate) issued by the IRB (Financial Education and Training Agency).

In addition to professional certification, to enhance the competence and professionalism, of Accounting personnel. Division also participated actively in the following forums Seminars, Congress, Conference, Symposium and Training of national and international such as the Seminar on International Financial Reporting Standards organized by the

Indonesian Institute of Congress Accounting held by Association Indonesian Accountants, Accounting International Conference organized by the University of Airlangga, Accounting National Symposium organized by the Indonesian Institute of Accountants and Accounting Training held by the Indonesian Institute of Accountants.

Accounting Division also actively participates as a speaker in several events such as the Asia-Pacific Conference on International Accounting Issues organized by the Craig School of Business, National Symposium Accounting held by the Indonesian Institute of Discussions in Taxation organized by the Indonesian Institute of Accountants and Taxation Discussion held by SOE Tax Forum.

# EXTERNAL AUDITOR

## EXTERNAL AUDITOR APPOINTMENT PROCESS

Based on the General Meeting of Shareholders on April 8, 2016, the Company appointed Public Accounting Firm Tanudireja, Wibisana, Rintis and Fellow member of Price WaterhouseCoopers (PWC) to audit the Financial Statements for Fiscal Year 2016. Based on the company's Board Manual, The Board of Commissioners is responsible to propose to the AGM the Public Accounting Firm to be assigned to audit the financial statements of the Company for the current year and report to the AGM. The Board of Directors supported the Board of Commissioners in the execution of procurement of KAP until the completion of the audit process according to the scope defined. The appointment process of an external auditor is as follows:

1. The Board of Commissioners supported by the Audit Committee to review the Public Accounting Firm to be proposed at the AGM.
2. The Audit Committee proposes three candidates to the Board of Commissioners to be arranged in order of assessment ranking results.
3. The Board of Commissioners submits the confirmation on the Public Accounting Firm related to the General Auditing Company PT Gas Negara (Persero) Tbk. Fiscal Year 2016
4. The Board of Commissioners propose to the AGM to approve the appointment of the Public Accountant to audit the annual financial statements and requested the delegation of authority and power of the AGM in determining the amount of honorarium of the KAP (Public Accounting Firm);
5. If the AGM accepts the proposal of the Board of Commissioners, AGM determined the KAP, proposed by the Board of Commissioners, when the AGM rejected the AGM will determine the KAP;
6. The Board of Directors implemented the confirmation of AGM. A copy of the contract between the Board of Directors and KAP will be submitted BPK (National Audit Agency) no later than 7 (seven) days after the contract is signed.

Based on the specified appointment the scope of audit services which will be implemented by PWC is:

1. General Audit on Consolidated Financial Report of the Company for Fiscal Year 2016.
2. General Audit on Financial Report of Partnership Program and Company Community Development Financial Year 2016
3. Audit Compliance with Laws and Regulations and Internal Control Fiscal Year 2016
4. Performance Evaluation of the Fiscal Year 2016 ended on December 31, 2016 and Key Performance Indicators (KPI) established by the Board of Commissioners.

The total cost to audit the consolidated financial statements in 2016 amounted to USD 987 670 794, - (including OPE and VAT).

LIST OF ACCOUNTANTS AND PUBLIC ACCOUNTANT APPOINTED BY PGN OVER THE LAST SEVEN YEARS

| Fiscal Year | Name of Public Accounting Firms | 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 |

### OTHER SERVICES

The above parties appointed as PGN-External Auditors for Fiscal Year 2016 have completed their tasks independently according to professional standards of public accountants, employment agreements and the set audit scope. Tanudireja Accounting Office, Wibisana, Rintis and Partners did not provide any other consulting services to PGN

## ACCESS TO COMPANY'S INFORMATION AND DATA

### ACCESS RELATED TO INFORMATION DISCLOSURE

In order to provide convenience to the Stakeholders and to comply with the provisions of Law No.14 Year 2008 on Public Information, PGN is constantly updating Company's information presented to the Public.

To comply with the disclosure, PGN also constantly reports all information and fact material to authorities of Capital Market, both through a letter submitted to Financial Services Authority as well as in the form of electronic reporting to Indonesian Stock Exchange. PGN also actively publishes its corporate operations/events through press releases in two languages, i.e. Indonesian and English, and these publications are available for download via PGN website.

In addition to the above, with the intention to provide adequate information to existing and potential investors, PGN employs a variety of communication channels, such as phone, conference call, e-mail, and Company's website. PGN also interacts through direct face to face meetings, one-on-one/group meetings, field trips, non-deal roadshows and conferences. Proactively, the Company follows the activities of these public meeting held by government institutions, as well as securities institutions in or outside the countries, through conferences, public exposure, and investor summit.

Throughout 2016, through Investor Relations Division, PGN has held 116 meetings, 59 conference video calls, Non-Deal Roadshow, and participated in several investor conferences and summits, such as:

- Mandiri Investmen Forum – Januari 2016
- UBS Indonesia Conference – Maret 2016
- Goldman Sachs – Danareksa Indonesai Investment Day – April 2016
- CIMB 10th Annual Indonesia Conference – Agustus 2016
- Maybank Kim Eng – IDX Indonesia Corporate Day – Oktober 2016
- DB Access Indonesia Conference – Novemer 2016
- 15th Morgan Stanley Annual Asia Pacific Summit – November 2016

Furthermore, PGN has also conducted four (4) site visits or a field visits in 2016, namely: to transmission facility of PT Borneo Java Gas in February, to FSRU Lampung in May 2016, to on-shore processing facility (OPF) PT Saka energy Indonesia in Pangkah in August 2016 and PGN Gas stations in Panaran - Batam in October. Site visit is important to introduce and explain directly regarding PGN operational and business development activities to investors/analysts.

PGN also continue to strengthen its information technology platform to maintain and improve its reliability in the provision of integrated information, in a timely manner and targeted through its websites and portals www.pgn.co.id and website of Ministry of State Enterprises.

For customers and potential customers, more information on PGN is available by sending email to contact.center@pgn.co.id or call contact centre at 1500 645.

For investors, analysts and Shareholders, they can contact Investor Relations Division by sending email to investor.relations@pgn.co.id or call at (6221) 8064 1111

## ACCESS TO COMPANY INFORMATION

As a Public Company, PGN is required to communicate Company information openly to the public in a fast, precise and accurate manner. The Company therefore seeks to strengthen its advanced electronic platform of information to maintain and improve its reliability in the provision of integrated information via website www.pgn.co.id. The Company's website provides information regarding:

1. Shareholder Information
   Information regarding Shareholders of the Company, located under the section "Investors".
2. Code of Ethics
   Information regarding Company's Code of Ethics is available under "About PGN" page, the Code of Ethics and Governance. This information is presented in the form of Guidelines of Good Corporate Governance, Code of Business Ethics, Work Ethics, Conflict of Interest Policy and Control Gratification.
3. Information regarding General Meeting of Shareholders
   On every Company GMS, starting from the announcement, the call, and resolutions of GMS, the Company always list these information on the Company's website.
   Announcement; www.pgn.co.id > News
   The Call; www.pgn.co.id > News
   GMS Resolution: www.pgn.co.id > News > Publications
4. Corporate Financial Information
   Information regarding corporate finance is available under "Investors" page, which includes information about Company's Financial Statements, Annual Report and all the complete Financial Report over the last 5 years, Analyst Coverage, Income Estimates and other Basic Report/Information.
5. Committee Charter
   Information related to committee in the Company is provided in ; About PGN > About Us > Code of Ethic & Good Governance.
6. Other Information
   In addition to the above information, the Company's Website also provides information regarding Company's operations, safety, society and the environment, PGN employees, as well as the latest news about the Company.

# CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

06

# 06 CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY



# CONTRIBUTION TO THE SOCIETY

PGN is committed to participating in the improvement of welfare and sustainable economic growth through community empowerment and environmental conservation efforts.

PGN adopts the definition of social and environmental responsibility as clearly defined in the article 1 paragraph 3 and article 74 of Law No 40 Year 2007 concerning the Limited Liability Company. In 2012, the implementation of social responsibility is re-affirmed through Government Regulation No. 47 Year 2012 as mandated by Law No. 40 year 2007.

In general, the Social and Environmental Responsibility (SER) is known by the international community with Corporate Social Responsibility (CSR). Therefore, as a Company listed in the Stock Exchange, SER is the form of PGN's CSR. According to the international community understanding that is also adopted by PGN, CSR is not only charity activities, but wider than that, it covers sustainable concerns on the environment, respect for the human rights, obligations to provide comfortable office and good work relations with the employee, prioritize the preservation of occupational health and safety and also participate in improving the local economy and community.

SER is the commitment of PGN to participate in realizing the sustainable economic development in order to improve the quality of life and environment that is beneficial, either for the Company, local community, society, and for the next generations.

PGN is convinced that its existence will be well accepted by the society and other stakeholders if the SER implemented in the correct and responsible way. With its role as the agent of development, PGN engages its business that is environmentally sound and participates in the Government efforts to embody the prosperity of the people, through the implementations of various programs that concern with the environment, social and society.

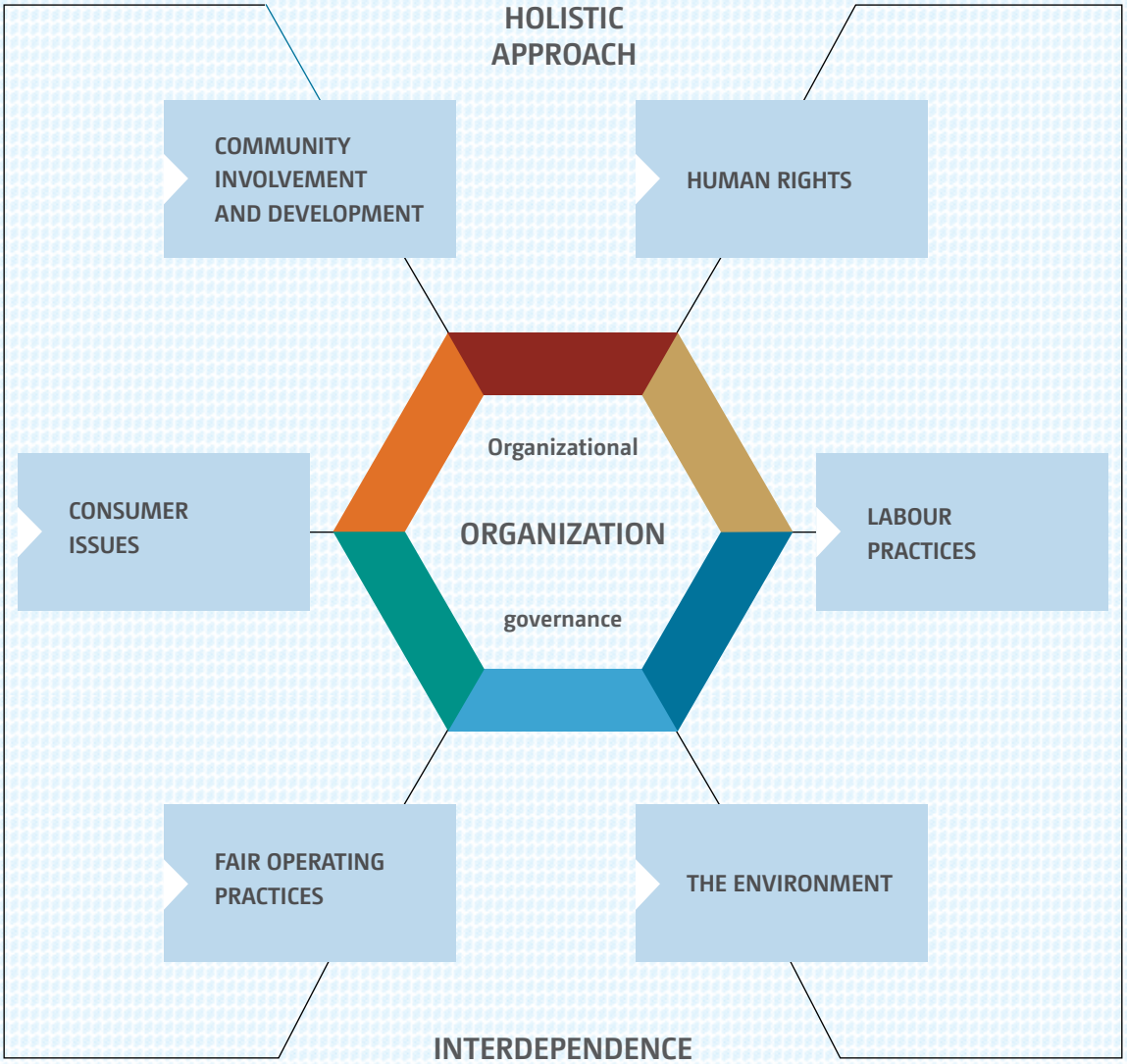
The implementation of CSR in PGN is referring to the CSR basic concept which called as PGN Share, namely:

- Contribute to the improvement of community WELFARE;
- Create HARMONIOUS relationships with the stakeholders;
- Partnership program and sustainable environmental development program are MANDATES;
- RESPONSIVE to the society social issues;
- EMPATHY to the society social issues.

CSR in PGN covers 7 core subjects, among others:

1. Organizational Governance;
2. Human Rights;
3. Labour Practices;
4. Environment;
5. Fair Operating Practices;
6. Consumer Issues;
7. Community Involvement and Development.

# CSR


HOLISTIC APPROACH
COMMUNITY INVOLVEMENT AND DEVELOPMENT
HUMAN RIGHTS
CONSUMER ISSUES
Organizational
ORGANIZATION
governance
LABOUR PRACTICES
FAIR OPERATING PRACTICES
THE ENVIRONMENT
INTERDEPENDENCE

# ENVIRONMENT



## POLICIES

PGN tries to create sustainability not only by committing to safety, health, and environment, but also actively participate in optimizing the energy utilization as an inseparable unity. The environment and energy policies are integrated into the Policy of Occupational Safety and Health, Security, and Mangement of Environmental as well as Energy (K3PPLE) and various programs related to the policy of environmental management system which has been implemented in 2016.

This K3PPLE policy is conducted through the following efforts:

1. Undertake proactive and preventive actions in order to achieve work environment that is healthy, safe, secure, eco-friendly and efficient in the energy utilization;
2. Undertake risk management effort related to illness caused by work, work accident, security threats to assets, and environmental pollution;
3. Comply with law provisions and other requirements that are applicable to occupational safety and health, security and environmental management as well as energy sectors;
4. Provide mentoring to each employee to improve awareness and competency in occupational safety and health, security, and environmental management as well as energy sectors;
5. Undertake energy conservation efforts to reach efficiency and optimization of energy utilization;
6. Involving community around the company's operational area as instrument of security and environmental management;
7. Evaluate the Work Safety and Health, Security and Environmental Management as well as Energy Management System regularly for continuous improvement.

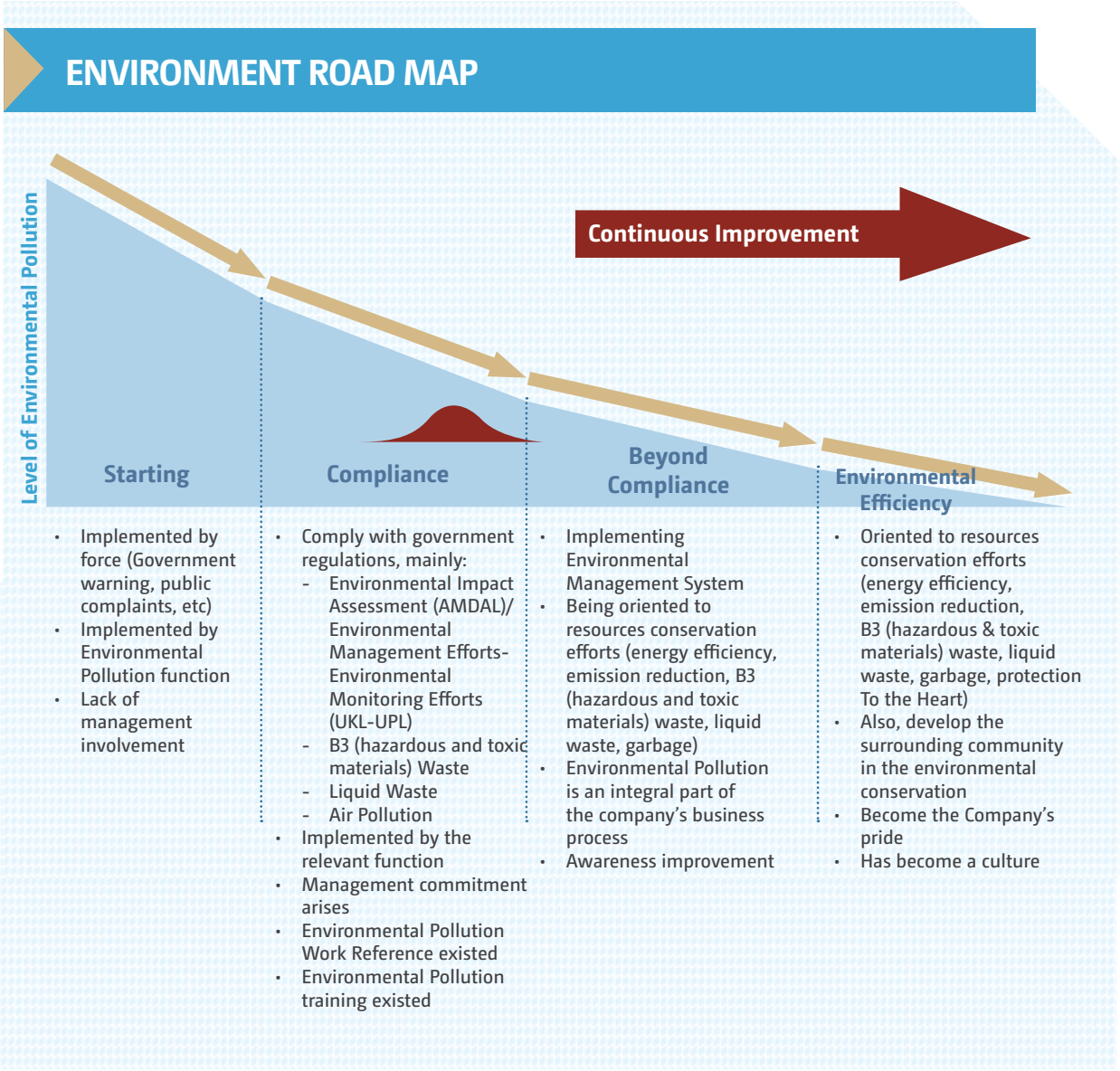
PGN is determined to create a work environment that is healthy, safe, secure, and eco-friendly at all business management areas.




In its implementation, PGN sets the following targets for environmental management in 2016:

| | | Item | Target |
|---|---|---|---|
| **Environment** | Leading Indicator | Implementation of Environmental Management System (SML) | Document of Work Reference for Environmental Management System is prepared |
| | | Implementation of SML Internal Audit | 1x/year |
| | | % Follow-up of the Audit Result Completion | 100% |
| | | PROPER achievement | Blue |
| | Lagging Indicator | Environmental Pollution | 0% |

To achieve such targets, a roadmap of environmental continuous improvement is set as follow:




## THE UNDERTAKEN ACTIVITIES PROGRAM

In distributing natural gas, the operational of PGN did not give significant negative impact on the environment, but the PGN's operational activities stayed to fulfill environmentally sound principles. Each PGN's activity always equipped with AMDAL (Environmental Impact Assessment) or UKL-UPL (Environmental Management Efforts-Environmental Monitoring Efforts) and has environmental permits from the relevant institutions. Not only maintain the operation reliability, PGN also maintains the environmental quality in compliance with the environmental quality standards set by the Government. The commitment of PGN in the environmental management are among others as follows:

a. Material Use
In developing distribution network and transmission, PGN also used pipes made from steel or PE (Poly Ethylene) plastic with a thickness that has been calculated carefully. The pipes are coated by PE and other protective layers that are anti-rust, long lasting and can be buried in the ground for long term (about 30 years). The purpose is to minimize impacts to the environment.

For paper usage in the operational activities, PGN has the policy to reduce the use of papers with electronic mailing system (e-SMS). This system is able to suppress the amount of paper consumption in administrative activities.

b. Waste Management
To preserve the environment, PGN provides special attention to hazardous and toxic materials (B3) waste management. Although it generates very little B3 waste, PGN is committed to managing all that wastes in accordance with Government Regulation No.101 Year 2014 concerning the B3 Waste Management by collaborating with the licensed B3 waste manager. 2016, PGN has managed to reduce the number of B3 waste for 3 tons compared to 2015. As much as 16 tons of B3 waste resulted in 2016 has been well managed. For example, the used impurities absorbent material or filter placed inside the pipes to be treated according to the prevailing regulations in order not to pollute the environment.

c. Energy Audit
In line with the Policy of Occupational Safety and Health, Security and Management of Environment as well as Energy (K3PPLE), then as one of the embodiments of the Company's corporate responsibility related to the aforementioned is PGN's effort in managing the consumed energy. In 2016, PGN has undertaken energy audit in cooperation with PT Energy Management Indonesia (Persero).

Energy Audit is an activity to determine the actual energy performance of an energy utilizing facility and identify steps so that the energy performance be optimal and efficient through the reduction of losses incurred in the process of energy utilization while maintaining its effectiveness and productivity. The Energy Audit Program has strong legal basis especially with the issuance of Law No. 30 Year 2007 concerning Energy, particularly Article 25 concerning Energy Conservation and Government Regulation No.70 Year 2009 concerning Energy Conservation.

The purposes of this activity are:
- Knowing a comprehensive overview of the energy utilization that includes types and numbers of energy use, energy intensity, energy use load profile, energy equipment performance, energy balance;
- Knowing the benchmark of energy intensity to discover the level of effectivity and efficiency of the energy use;
- Evaluating the Energy Management System;
- Identifying energy efficiency possibilities;
- Providing recommendation to change the way or substituting energy-consuming devices with more energy-efficient devices with the same function along with the benefits, relevant costs, as well as the implementation action plan.

The energy efficiency implementation program derived from the results of PGN's energy audit, i.e:
- Lamp replacement program from CFL type to LED Bulb type.
- Refrigerant replacement program from R-22 type to hydrocarbon type.

d. The Use of Eco-friendly Energy
PGN also encourages the use of natural gas as an eco-friendly energy for the community by:
- Provision of Mobile Refueling Unit (MRU) for vehicles as a pilot project with regard to the campaign of clean and eco-friendly gas energy use. The MRUs which have been operating among others IRTI MRU, Waduk Pluit MRU, Grogol MRU Grogol and Gresik East Java MRU;
- Establishment of GASKU, a Natural Gas Fueling Station. The launching of this gas fueling station is a real form of PGN's consistency in expanding the domestic natural gas utilization and supporting the Government program in gas fuel conversion for transportation.
- The use of solar cell for outdoor lighting and tower repeater along the Grissik-Labuhan Maringgai transmission pipelines;
- The use of gas fuel for all PGN's operational cars. In further, PGN will continue to be committed to creating innovation and creation for the efficient and environmentally sound operational activities.

e. PROPER
PGN's observance to regulations can be seen at PGN's participation in the Assessment of Company's Performance Rating in Environmental Management (PROPER). The PROPER assessment is based on Regulation of Minister of the Environment Number 3 Year 2014 concerning PROPER. PGN has succeeded in obtaining Blue PROPER at GDM I Offtake Cimanggis Depok Station, GDM II Eastern Part of Java, GDM III Northern Part of Sumatera Offtake Panaran Batam Station, and GTM Compressor Pagardewa South Sumatera Station.
Such achievement results have shown PGN's commitment in the environmental management. PGN will continue to commit and strive for continuous improvement in energy efficiency, resources conservation, and biodiversity as well as waste reduction to be a green company.

f. Carbon Accounting
Some Carbon Accountings have been developed by many organizations with internet basis. However, the carbon accounting that had been scattered in cyberspace tends to be based on lifestyle, technology, and practices that exist in developed countries, specifically European and North America countries. The used emission factor is also more relevant to the development of technology that existed in such countries. Therefore, many of the features or activities that are not relevant or appropriate to daily conditions in developing countries.

The carbon accounting that has been developed by PGN, is a part of environmental transformation activities that has been run PGN since 2013. The scope area of carbon accounting that has been developed by PGN only covers an area of emission from energy use either electricity from PLN or from its power plant and emission from the operational vehicle use dan business trip. This is in line with the Presidential Regulation Number 71 Year 2011 concerning the Implementation of National Greenhouse Gas Inventory. In 2016, PGN succeeded in reducing carbon emission as much as 6.115 Tons of CO2 eq.

In principle, this carbon accounting is easily practiced by PGN. The operator of carbon accounting may input data of KWh meter electricity consumption, vehicle fuel consumption, and m3 volume of gas usage at certain location and year, which then the emission result of total carbon can be seen in table or chart. The datasheet is prepared by using Spreadsheet Application and also shown in the web-based version. The following are the total of PGN's carbon emission in 2016:

**PGN'S TOTAL CARBON EMISSION YEAR 2016 (IN TONS CO2 EQ)**

| Energy Consumption Activities | Carbon Emission Scope 1 (Ton CO2 eq) | |
|---|---|---|
| | 2016 | 2015 |
| Venting | 2,564.59 | 890.88 |
| Instrumentation | 2,777.95 | 915.5 |
| Blowdown | 506.47 | 80.27 |
| Gas Leak | 8.34 | 1.54 |
| Fuel Gas | 37,039.48 | 47,396.94 |
| Genset Fuel | 973.25 | 990.26 |
| Vehicle Fuel | 1762.398 | 1,473.09 |
| Vehicle Gas Fuel | 498.367 | 566.81 |
| Gas For Chiller | 314.84 | 245.29 |
| Total Scope 1 | 46,445.68 | 52,560.58 |
| **Energy Consumption Activities** | **Carbon Emission Scope 2 (Ton CO2 eq)** | |
| | **2016** | **2015** |
| Electricity | 15,837.03 | 8,217.58 |
| *Penerbangan* | 782.93 | 625.86 |
| Total Scope 2 | 16,619.96 | 8,843.44 |

g. Implementation of Environmental Impact Assessment (AMDAL) or Environmental Management Efforts (UKL) –Environmental Monitoring Efforts (UPL)

The main activity of PGN is to undertake transmission and distribution of natural gas from suppliers to customers. Prior to its distribution, the natural gas needs to be processed in order to obtain quality that appropriates with its specifications.

Given the business activities conducted by PGN is based on the utilization of natural resources wealth, PGN then committed to managing the environment wisely and responsibly. Consequently, PGN has high commitment to comply with all prevailing laws, including Law No. 32 Year 2009 concerning the Environmental Protection and Management.

Each operational activity carried out by PGN must mind the provisions stated in the documents of Environmental Impact Assessment (AMDAL) and Environmental Management Plan – Environmental Monitoring Plan (UKL – UPL) as well as Environmental Permits. Therefore, PGN can always anticipate that would arise, and undertake evaluations as well as seek the best alternative solutions in order to mitigate such impact.

Review on environmental management practices at PGN based on the implementation of Environmental Impact Assessment (Environmental Management Plan-Environmental Monitoring Plan / Environmental Management Effort-Environmental Monitoring Effort) amounts to 75 permits which proven by implementation report of Environmental Management Plan-Environmental Monitoring Plan and Environmental Management Efforts-Environmental Monitoring Efforts every semester.

In addition to that, PGN's compliance to government regulation can be seen on its environmental permits. In 2016, the environmental permits that have been obtained are as follows:

1. Environmental Management Efforts-Environmental Monitoring Efforts (UKL-UPL) on the Installation of Gas Pipeline in the Area Development of Cirebon District.
2. Environmental Management Efforts-Environmental Monitoring Efforts (UKL-UPL) on the Development of Natural Gas Distribution Pipeline and its Supporting Facilities for 27.68 km in Tualang Sub-district and Minas Sub-district, Siak District, Riau Province
3. Environmental Management Efforts-Environmental Monitoring Efforts (UKL-UPL) on the Development of Natural Gas Distribution Pipeline and its Facilities in Pekanbaru City
4. Letter of Undertaking on the Environmental Management and Monitoring (SPPL) from Cirebon Regional Office
5. Letter of Undertaking on the Environmental Management and Monitoring (SPPL) from Jakarta – Anyer Regional Office
6. Letter of Undertaking on the Environmental Management and Monitoring (SPPL) from Karawang Regional Office
7. Letter of Undertaking on the Environmental Management and Monitoring (SPPL) from Imam Bonjol Medan Regional Office

h. Training

To support the success of the implementation of environmental transformation activities, training for the involved and relevant PGN's staff members is required. Training that have been implemented in 2016 were among others:

- Training on the Fire Handling Level D with Certification from Ministry of Labor of the Republic of Indonesia
- Internal Audit Management System ISO 14001 and OHSAS 18001
- Professional Safety
- Internal Audit on the Security System and Work Safety and Health Management System (SMK3)
- Safety Information Process
- Incident Investigation
- Peer Educator Prevention and Mitigation of Tuberculosis / HIV & Aids and Drug Abuse at Work Place
- Security Investigation Technic
- Basic Safety
- Expert of General Work Health and Safety (K3)
- IndoHSSE 2016
- Competency Guidance for Supervisor Certification of Work Health and Safety (K3) in Oil and Gas sector
- Electric Installation in Hazardous Area
- First Aid at Work

## ENVIRONMENTAL CERTIFICATION AND AWARDS

PGN's principles in the environmental management is adapted from Environmental Managemet System ISO 14001 provision. Periodically, PGN identifies the significant environmental aspects and impacts, environmental regulatory and environmental compliance evaluation, also set environmental objectives and targets, internal audit on the implementation of Environmental Management System, as well as review management implementation on the Environmental Gathering activities.
During 2016, PGN obtained environmental performance achievements, among others:

1. Blue PROPER
   - GDM I Offtake Cimanggis Depok Station
   - GDM II Eastern part of Java
   - GDM III Northern Part of Sumatera Offtake Panaran Batam Station
   - GTM Compressor Pagardewa South Sumatera Station




2. ISO 14001:2004 Certification
   In 2016, PGN has succeeded in obtaining ISO 14001:2004 at all Operational Areas as the embodiment of Environmental Management System (SML) implementation in the Company and compliance with the Government policies.

3. Awards
   - Indonesia Green Awards 2016 for Energy Saving, New and Renewable Energy Development Category
   - Indonesia Green Awards 2016 for Biodiversity Development Category

## ACTIVITIES EXPENSES

Expenses for activities that relate to environmental management in 2016 amounted to
Rp 1,869,688,000.00

# LABOR PRACTICES



## POLICIES

Employees are the main capital for PGN, thus PGN is committed to creating a safe and enlightening work environment, supporting employees in achieving their best potential, and creating employees welfare.

### Safe and Enlightening Work Environment

PGN attempts to create a work environment that can provide safety physically and mentally. The work environment is also expected to inspire employees in doing their activities, working, and innovating.

### Best Potential from Employees

PGN is committed to producing best potential employees through the improvement and utilization of best competency. The employee's assignment and placement are adjusted to each employee competency.

### Employees Welfare

The employee's welfare is assured to attract and get the best human resources, motivate employees to give their best performance, and retain the best employee.

## THE UNDERTAKEN ACTIVITIES PROGRAM

### Safe and Enlightening Work Environment

a. Good communications with employees
   For smooth communications between employees, or between management and employees, PGN has owned and developed a corporate portal that can be utilized and optimized by all employees in order to support communication during daily works, with the following features:
   - Corporate email application as communication media;
   - E-SMS application to manage mail archiving;
   - E-absence application to monitor the employee's presence;

The Company provides an equal chance to all people, either man or woman regardless of ethnicity, religion, race, class, and gender.

- Knowledge Management Online (KMOn) application as tools to share knowledge and best practices in daily works;
- PGN Online Paperless Payment (POPAY) application to process the internal and external payments;
- PGN Learning Management System application to manage employees training;
- INFOKU application for self-service management of employment data.

PGN has also owned other communication media that is PGN Inside in the form of e-magazine.

b. Freedom of Association

PGN as a Public Company ensures the rights of the employees to join association by forming a work union. This assurance is given since the Management embraces a paradigm that the relationship between employees and employer is an industrial relation that needs each other. Assurance on the freedom of employees to form a work union is stated in Law Number 21 Year 2000 concerning the Work Union.

Employee and work union in an industrial relation has important functions that are, carrying out works according to its obligations, maintaining work order to ensure production, channeling their aspirations democratically, developing skills and expertise, and participate in promoting the company, as well as fight for the welfare of its members and their families.

The Work Union that exists in PGN is the Work Union of PT Perusahaan Gas Negara (Persero) Tbk which abbreviated as SP–PGN. The status of this Work Union is independent and not affiliated. The SP-PGN has been registered in the labor agency with Number of Registration: 387/II/P/IX/2009 dated 19 September 2009 by Department of Labor and Transmigration – West Jakarta Administration City. The Work Union management spread on each PGN's organization unit and centralized in the central management board. Membership in the Work Union is not mandatory. PGN believes that currently its relationship with SP-PGN has been running in harmony and each problem can be resolved by consultation.

PGN has also formed a Bipartite Cooperation Institution that consists of representatives of Employees and representatives of the Company in accordance with the mandate as stated in Law No.13 Year 2003 concerning Labor, and Decree of Minister of Labor and Transmigration No. Kep 255/Men/2003 concerning Procedures for the Establishment and Composition of Bipartite Cooperation Institution. The PGN's Bipartite Cooperation Institution has been registered through Decree of the Department of Labor and Transmigration West Jakarta Administration City Number: 2033 Year 2014.

The Bipartite Cooperation Institution is really needed to avoid and minimize misunderstanding between both parties, accommodate interests and aspirations of the Company and employees, also bridging the employer and employees to express aspirations and discuss on matters of interest in the Company.

c. Collective Labor Agreement
Collective Labor Agreement (CLA) is signed on 1 December 2015 and approved by the Ministry of Labor and Transmigration of the Republic of Indonesia through its decree No.Kep. 198/PHIJSK-PKKAD/PKB/XII/2015 on 14 December 2015. The PGN's Work Union represents the employees in the discussion of CLA preparation with PGN's management.

In that CLA is contained rights and obligations of the company and employees equally. The existence of that CLA is intended to:
- Give certainty to the rights and obligations of the Company and Employees that include: industrial relations, work requirements, and the Company's Code of Conduct;
- Strength and improve the cooperation between the Company and Employees;
- Arrange settlement of dissent fairly so as not to lead to disputes and any differences will always be resolved through deliberation and consensus.

d. Timing for Work, Rest, and Permission To Leave Work
To avoid excessive labor exploitation, the company has set a limit of working time for employees. Working time is adapted to working area and nature of work. PGN applies regular working time, shift working time, and special working time for working implementation at a certain area. If the employees work overtime, then they will receive overtime fees as compensation in accordance with the provisions of law.

In the operational work that is required to run its activities in reliable for 24 hours a day, PGN uses a shift system. The shift necessity is adjusted to conditions faced in the field, however, usually there are 2 - 3 shifts in a day. If exceeds the time limit of the work shift, then the relevant employee will be given compensation calculated in reward work that has been known and agreed. This system is intended to prevent actions that categorized as forced labor.

During work, every employee is given the opportunity to rest at certain hours and take annual leave and service leave once in every 3 years. PGN also gives compensations to employees that include permission to leave work with Basic Salary for some purposes, permission to perform pilgrimage and other religious worships, maternity leave and menstruation leave for women employees.

e. Human Rights

PGN respects for human rights by applying the practice of non-discrimination based on gender, ethnicity, religion or political affiliation. This is reflected in the everyday work environment as well as the implementation of new employees recruitment.

The equal opportunity is given to all people, either man or woman, regardless ethnicity, religion, race, class, gender, or physical condition to participate in the PGN's employees recruitment program. Appointment of candidates based on the selection results, evaluation results on probation and employees orientation.

The equal opportunity is given to all employees for joining Training and Education programs, both from the executive level to the top management. Throughout 2016 has been held in-house training that includes 27 managerial competency programs followed by 701 participants, 105 technical competency programs followed by 2441 participants, 97 public training programs followed by 254 participants, and 18 educational programs followed by 35 participants.

PGN complies with a policy for not hiring children under age and up to this report is made, the youngest employee of PGN is 22 years old. Minimum age requirement for the Company's employee candidates is 18 years. This is in accordance with the Government decision to ratify the ILO Convention.

Facilities for the Development of Best Potential from the Employees

a. Competency Management

The basic for guidance and development of PGN's HR is competency, both managerial competency or technical competency.Guidance and development were carried out with methods of education, training, special assignment, or mutation program and promotion. Periodically, employees get the view of their mastered competency based on the result of the assessment process.

PGN proves its commitment to developing HR organization according to strategic work scope, and forming a special unit that handles talent management in the HCM organization structure, with the scope of tasks and roles as follows:

1. The creation of a competency-based HR system that is comprehensive and integrated.
2. The availability of dictionary and competency profiles corresponding to business processes and organizations.
3. Gap identification of each employee competency.
4. The creation of talent management
5. Talent development corresponding to the Company's needs.
6. Maintain potential employees and motivate them to perform the best

In its implementation, the management of competency data is carried out by using a Competency-based HR development model (CBHRM) and competency development plan through education, training, special assignment or mutation program, and promotion. This shows PGN's seriousness in managing its employees' professionalism.

b. Employees Educations and Training

PGN continuously guided and developed employees to meet the required competencies and skills. The Education and Training Program is consistently carried out by PGN to maintain and create the best employee competency. The competency development program is prepared in planned, systematic, and focused on the Company's business development.

PGN has patterns, syllabus, modules, and guidelines for facilitators of education and training programs for technic, operation, and commercial sectors that are directly related to revenue, natural gas distribution reliability, as well as PGN's external customers satisfactory.

c. Performance Management
Performance Management is a supporting tool for the management to monitor the work achievement of each employee and feedback for the employee on what things to be improved. The Individual Performance Management System (IPMS) that has been implemented since 2012, allows each target of an employee should refer to the Priority Business Strategy (PBS) of the company and associated with the target of their respective superiors. The target of the company is directly supported and distributed into the target of each Director, to be continued until the executive level. With the implementation of IPMS, all employees are encouraged to give their best performance because they understand that the work performed contributed to the achievement of PGN corporately.

IPMS has been supported by a web-based application that is used by all employees to input information on the performance management. All employees made the target with SMART (Specific, Measurable, Achievable, Reasonable, and Time-bound) basis in the beginning of the year, as well as connected with the target of the superior and in accordance with PBS. At the end of the first semester, every superior is required to provide feedback on achievement that has been made. At the end of the period, an appraisal on individual achievement is undertaken and the appraisal rating is given in accordance with provisions that consisted of six categories, which are Outstanding, Very Good, Good Plus, Good, Reasonable, and Unsatisfactory. The determination of employee performance appraisal rating is aligned with corporate performance achievement. The result of such performance appraisal becomes the basis for the determination of remuneration, employee career, and employee's development plan.

d. Employees Turnover Level
In 2015, PGN had a transformation that caused its organization structure to become leaner and strategic, this results in a total of 1477 employees, as many as 374 people assigned to the Subsidiary in accordance with their respective fields of competence. This provides the positive impact that can open opportunities and wider personal development for individuals, an increase in contributions to the better PGN, and helped promote subsidiaries in accordance with their respective excellence and professionalism under the control of PGN Holding.

**Employees Welfare**

a. Remuneration
The Remuneration System of PGN which runs currently has been applied since December 2010 in response to the needs of PGN to three main issues, namely:
- To attract the best talent;
- To motivate existing employees so they could give their best contribution to the achievement of company's vision and mission, and;
- To retain existing talents so that they remain in PGN.

In designing that remuneration system, the internal equity and external competitiveness always become the main references. The goal is to have a fair remuneration system. To be internal equity, all existing positions evaluated to obtain positions value (grade). While to maintain external competitiveness, PGN regularly followed salary surveys to see the position of the PGN's compensation package against similar companies in the market.

b. Benefit Program
Other than interesting remuneration package, PGN also offers various very attractive benefit programs for employees and their families, such as health care program, medical insurance, accident insurance, hajj or pilgrimage cost aid, educational scholarship and others.

Some of the benefit programs that were launched by the management in 2016, among others:

- Employee Assistance Program
  Started in mid-2013, PGN provided an Employee Assistance Program (EAP). This EAP program is an additional health facility for employees and their families in the form of counseling services. Each employee could meet in person or over the phone with a counselor to have consultations on the problems, either for personal problems, family, or in connection with the performance of the company. EAP data is secret and will not be a part of health record or personal data of the employee, as well as only known by the EAP Counselor and the relevant employee. With this EAP, employees were helped to solve their problems, so that with the completion of that problems, the employees are expected to be more focused on their works. Not just serves curative counseling services, EAP is also equipped with preventive activities such as seminars to remote areas as well as articles related to mental health. With this EAP, employees were helped to solve their problems, so that with the completion of that problems, the employees are expected to be more focused on their works. As of the end of 2015, the number of employees who have participated in EAP as many as 143 people throughout the areas of PGN.

- Post-Retirement Health Program
  PGN as one of leading SOE, PGN is putting a lot of concern related to preserving their employee's health. Management and PGN Labor Union has develop Post Retirement Health Program focusing to answer and fulfill health requirement cost when the employee has enter into retirement age, through management scheme program by PGN Retiree Welfare Foundation. PGN has revitalized its foundation as on of its preparation to Post-Retirement Health Program management and guarantee its transparency and accountability of its funding management, with mutual corporation principle, "from us, by us, to us". Through this program the retirees would be able to secure their health preserverence in all Indonesian territory through medical card from health insurance company. This program was held as PGN appreciation to their services from the retiree as predecessors who have helped to make PGN nowdays.

## ACTIVITIES EXPENSES

During 2016, PGN has performed 20,688 man-days to realize the employees educational and training programs with total costs amounted to Rp. 39,114,062,860.-

# OCCUPATIONAL HEALTH AND SAFETY



## POLICY

Occupational Health and Safety (Health and Safety) management in the Company is a substantial thing due to its high risk of the activities of PGN's business management that engages in natural gas transmission and distribution. With a good Health and Safety management, then all possibilities that can cause occupational accident and health can be minimized or even disappeared.

Along with the Company's Vission namely to become a World-Class Energy Company in Gas Sector in 2020, then the Health and Safety management of PGN must be in line with this vision. This is shown in the Policy of Health and SafetyPPLE that has been stipulated. This policy focuses on the implementation of Health and Safety management system in all Health and Safety activities in the Company by strengthening the implementation of Plan, Do, Check and Action principles. Apart from that, their awareness on the energy conservation as a form of the Company's participation in the energy utilization.

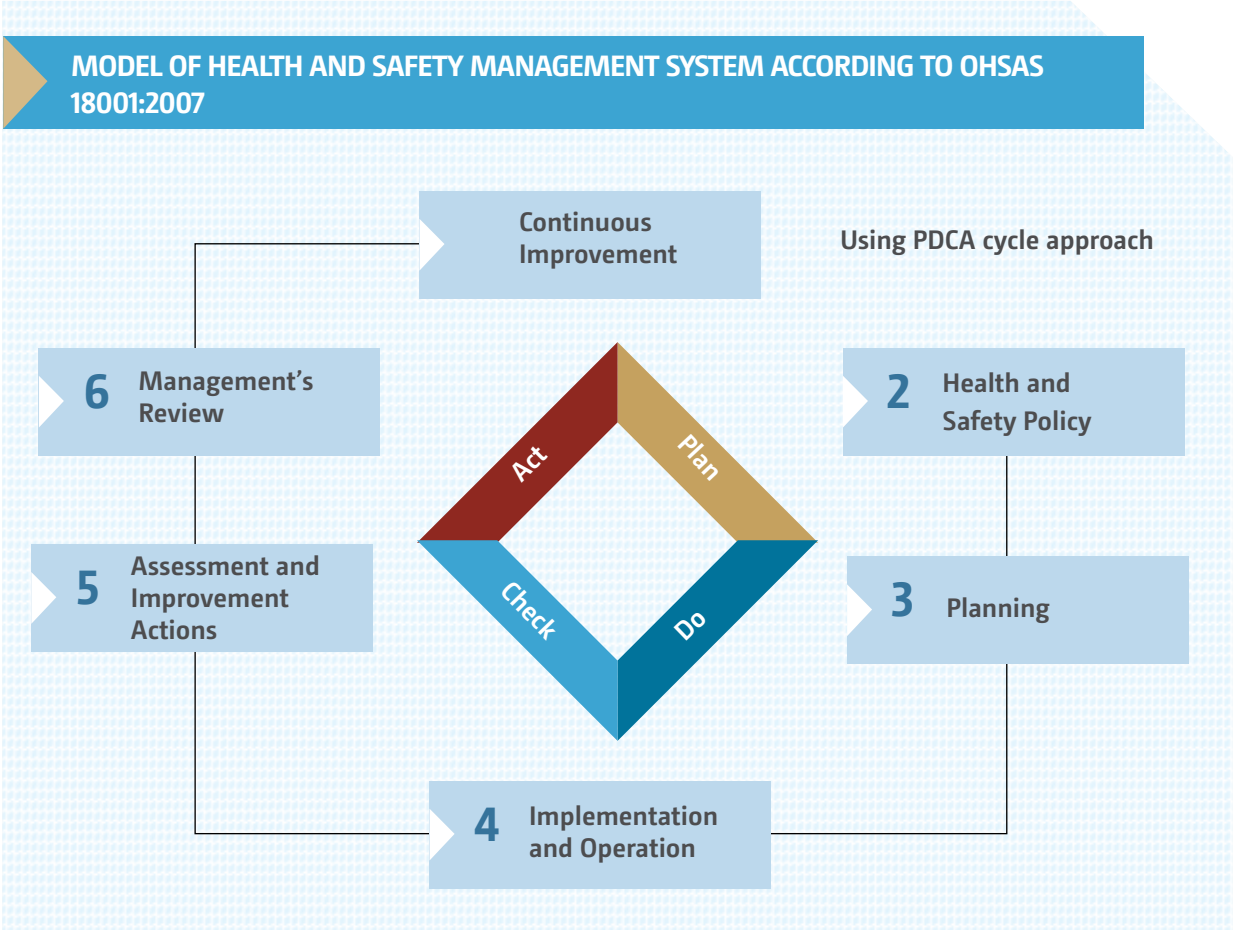
Aspects of environmental control, occupational health and safety are the main concern of PGN as its effort to become a world-class energy Company.




The objective of occupational health and safety in the PGN Vission



Policy of occupational health and safety – Environmental and Energy Protection




**Health and Safety Management System**

Labor protection implementation efforts from the occupational hazards, achievement of high-level health and safety as well as work comfort level will ultimately positive effect on the productivity improvement. A work environment that is secure, comfort, and safe must fulfill various requirements of safety management system, especially in meeting the requirements of a production process. This covers how far PGN is looking health and safety issues in its activities to produce a good product.

To PGN, a good occupational health and safety issues handling means:

- Increasing the welfare of employees and their families, lower costs for accident compensations that need to be paid;
- Lower improvement costs;
- Low costs of prevention compared to costs of industrial accident handling;
- Maintaining the good image of the company extensively.

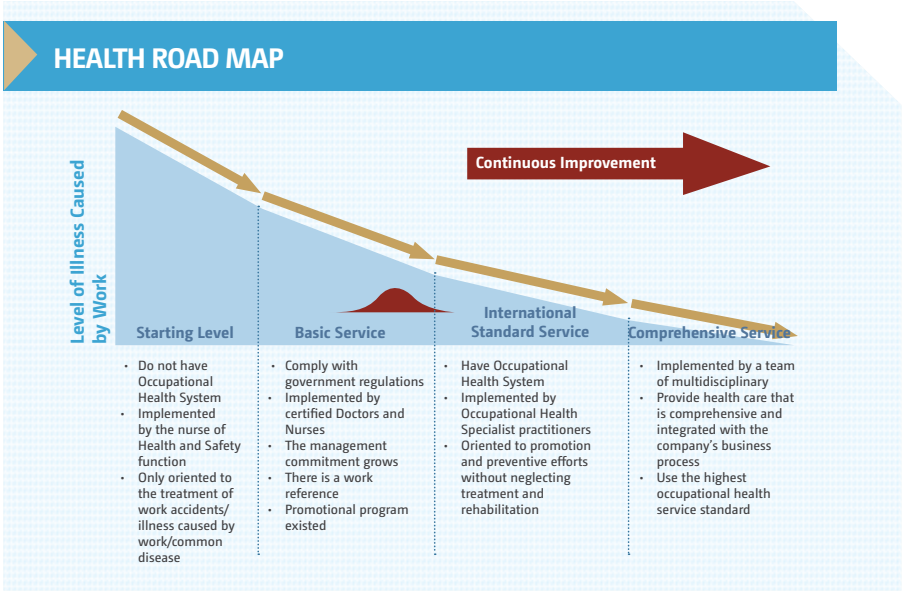
Work accidents and health problems happened to an employee are not becoming problems for the relevant employee but also for his family as well as a great loss for the company. Work accident at the workplace, in general, can be prevented without the need for high investment. To be able to perform a good occupational health and safety principle, the company and the employee must use a good business sense and follow the regulations and existing rules.

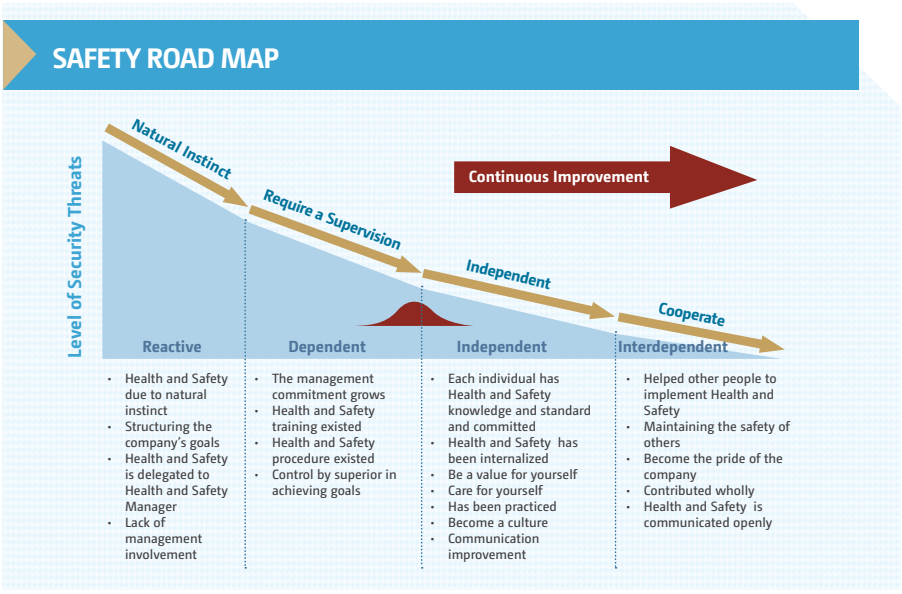
**Health and Safety Target**

In an attempt to the sustainability improvement of Health and Safety management system implementation, then efforts of continuous improvement were made. This is shown in the increase of target which relevant with the growth of the company's Health and Safety performance.



To achieve those targets, the following roadmap is set to create continuous improvement:




### Health and Safety Reporting

PGN submits reports to regulators regularly. Those reports were submitted to Department of Labor and Transmigration every three months and to Directorate General of Oil and Gas every month.

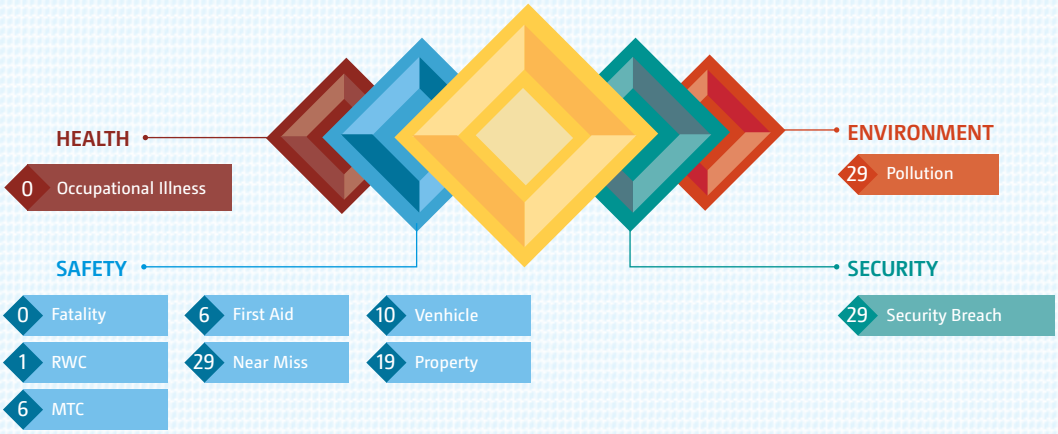
### Health and Safety Achievement

The highest commitment of Top Level Management and serious efforts from all PGN in cultivating the awareness of Health and Safety risks, make some incident parameters that become the Health and Safety working references improved. In 2013, there was no work accident that causing lost work hours. In 2014, there was 1 (one) fatality incident fatality that causing lost safe work hours in the Infrastructure PMO environment. In 2015 and 2016, thanks to the support from all PGN's members, there was no work accident that causing lost working hours.

## Safety Metric

Safety Metric is a performance indicator of each Work Unit in the Health and Safety management and implementation. Through this metric, PGN monitors, evaluates, and determines improvement steps for the achievement of Health and Safety each month.

### ACCIDENT 2016




### THE REALIZATION OF ACTIVITIES IN 2016

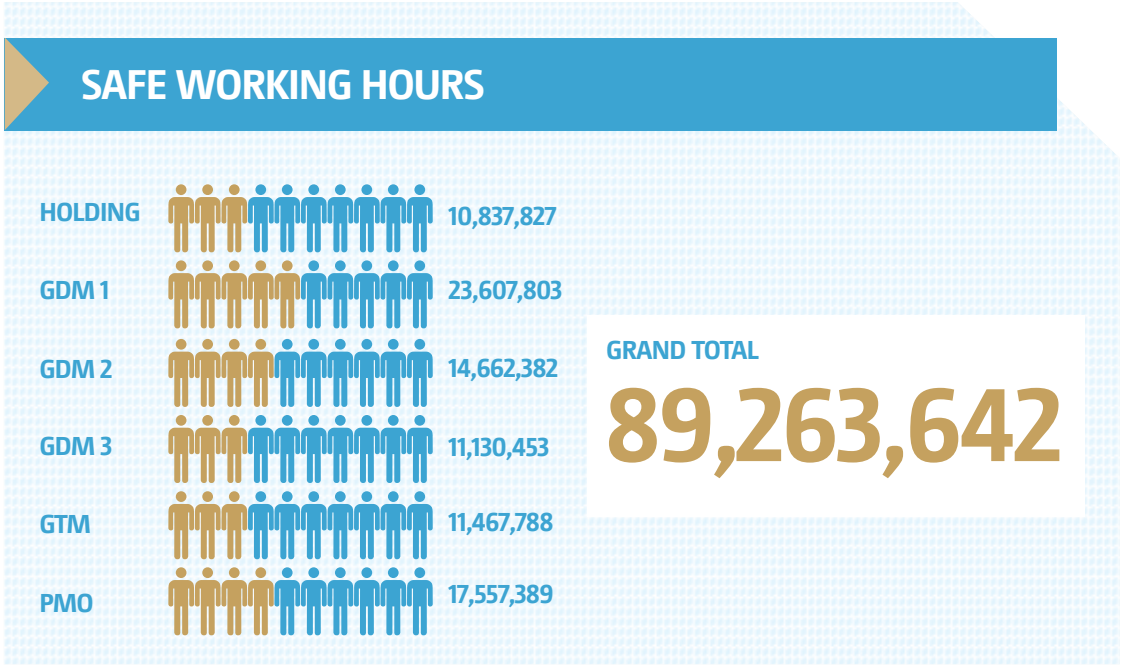
| | | | | | | |
|---|---|---|---|---|---|---|
| HSSE Campaign through media:<br>• Poster<br>• Flyer<br>• Wallpaper Desktop | | HSSE Awards for Non-organic Employees | RCA Participation 44.34% | | Observation Participation 24.91% | |
| | Health Education 1x/3 months | | HSSE Meeting every month | | Revision and Socialization of HSSE Work Reference Document | Security Awareness Implementation |

## SAFETY METRIC YEAR 2016

| | | ITEM | HEAD OFFICE | GDM I | GDM II | GDM III | GTM | INFRASTRUCTURE PMO | TARGET |
|---|---|---|---|---|---|---|---|---|---|
| Lagging Indicator | Incident | Fatality | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Heavy Accident | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Medium Accident | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | LTIF | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Light Accident | 0 | 2 | 0 | 0 | 0 | 5 | <3 |
| | | Heavy Accident on Vehicles (Vehicles Accident with value ≥ 50 million | 0 | 0 | 0 | 0 | 0 | 0 | Not targeted |
| | | Light Accident on Vehicles | 0 | 3 | 2 | 4 | 0 | 1 | Not targeted |
| | | First Aid | 0 | 0 | 1 | 0 | 0 | 5 | Not targeted |
| | | Near Miss | 16 | 0 | 0 | 0 | 1 | 12 | Not targeted |
| | Health | TSAF | 0.65 | 0.22 | 0.20 | 0.19 | 0.15 | 0.02 | Not targeted |
| | | Ilness Caused by Work | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | RCA | - % Participation | 51% | 73% | 75% | 100% | 100% | 100% | 100% |
| | | - % Follow Up Severity 4/5 | 53% | 100% | 100% | 100% | 100% | 100% | 100% |
| Leading Indicator | Observasi | - % Participation | 35% | 36% | 53% | 69% | 100% | 100% | 100% |
| | Health | % Periodically Medical Check up | 100% | 100% | 100% | 100% | 1005% | 99% | 100% |
| | | % Mutation/ Rotation Medical Check up | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 100% |
| | | Work Environment Measurement | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| | Audit | Certification of OHSAS 18001:2007 | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| | | Health and Safety Audit Implementation | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| | | % Follow-up on the Completion of Audit Results | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| | | Safe Work Hours | 10,837,827 | 23,607,803 | 14,662,382 | 11,130,453 | 11,467,788 | 17,557,389 | |

### Safe working hours

The achievement of working hours in PGN shows no lost working time (lost time injury/LTI) until the end of the 2016 report period. Until December 2016, the safe work hours of PGN has reached 89,263,642 hours.

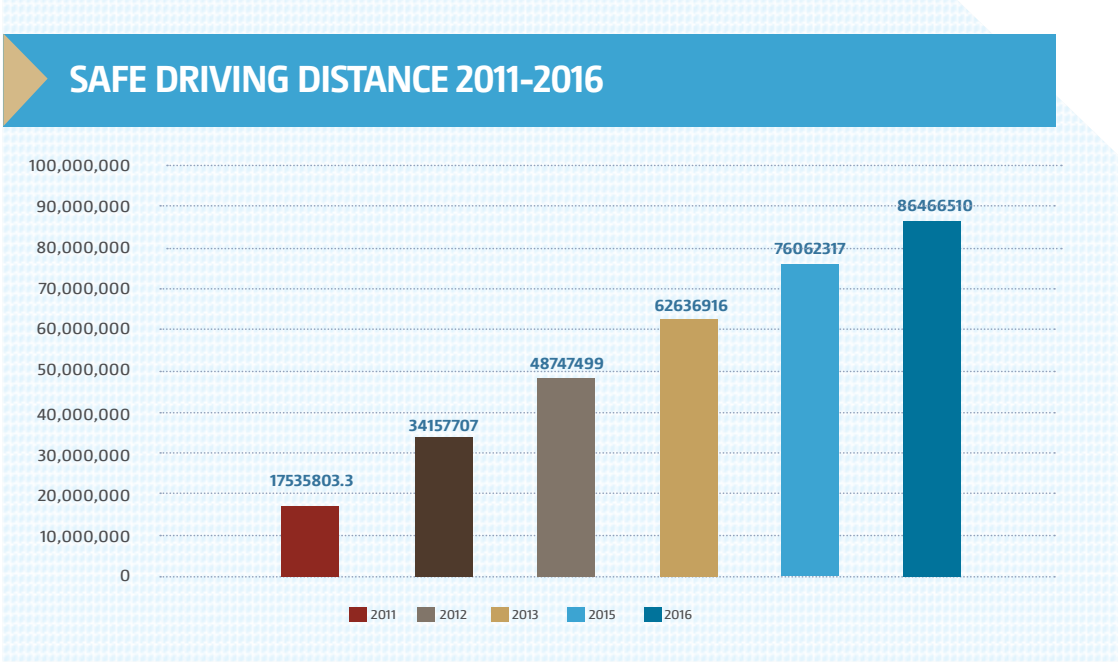



### LTI Frequency

The performance parameter of PGN's LTI Frequency shows that in 2016 has been in accordance with the set target which is Zero.

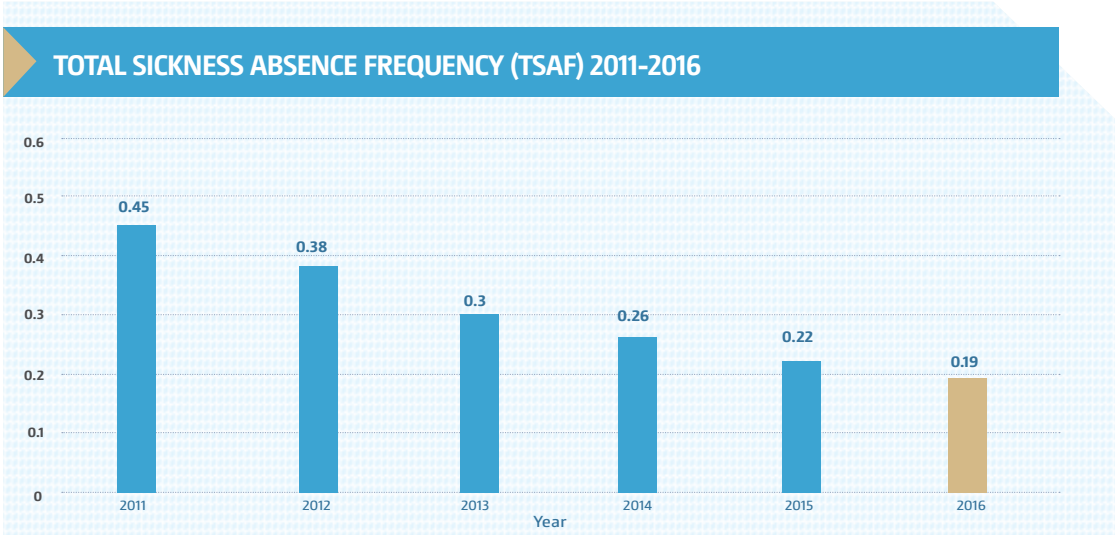
### Safe Driving Distance

In 2016, in general, in PGN there was no heavy accident. But in Infrastructure PMO there were 2 (two) heavy accidents on vehicles. These accidents have been investigated and reported to the Management for a lesson learned.



### Total Sickness Absence Frequency (TSAF)

This parameter measures level of occupational health, based on the amount of the number of employees who lost work time due to illness. PGN has the interest to increase the occupational health so that the level of lost time injury decreased, and so as the employees' productivity increase in overall.







## EMPLOYEES HEALTH PROGRAM

The Occupational Health Program is implemented in accordance with Regulation of the Minister of Labor and Transmigration No: PER.03/MEN/1982 Concerning the Employees Health Service that focuses on creating a healthy work environment so that illness caused by work can be prevented. The Occupational Health Management is more focusing on the efforts of health promotion, illness prevention, and preparation of First Aid at work. PGN designed and realized various programs to increase the level of employees' health, and that is possible thanks to the full support of the management.

To ensure the ability of work and identification of illness caused by work or other general diseases, PGN has performed periodically medical examination every year to 1,275 employees. Type of medical examination is adjusted to the potential hazards at work, where the MCU results will take into consideration for employees placement.

The medical examination data is managed by using a web-based Electronic Medical Record (e-MR) application so it can be known by the management in real-time. e-MR can be accessed by the employees with a password is required so that the data confidentiality is maintained.

The Wellness Program is an effort that PGN carried out to prevent degenerative illness (cardiovascular, Diabetes Mellitus, Hypertension illness). An employee who has 3 out of 5 syndrome metabolic symptoms is recommended to join the wellness program.This program has been carried out in 4 areas, namely PGN Manhattan, PGN Ketapang, PGN Medan and PGN Surabaya. This program is preceded by a focus group discussion on November 2016 to 150 people.

To ensure the preparation of First Aid and competency of First Aid officers, debriefing for First Aid officers have been conducted followed with competitions for First Aid Officers in PGN Manhattan and Ketapang, the supply of First Aid boxes at all PGN's work environment in accordance with Regulation of the Minister of Labor and Transmigration Number ER.15/MEN/VIII/2008 concerning the First Aid on Accidents at Work, conduct inspections on First Aid boxes regularly every month, and perform simulations for First Aid officers once every 3 months.

The Prevention of Drug Abuse at Work. PGN as part of society elements has realized the importance of industry participation in the Prevention, Combating Drug Abuse and Illicit Drugs (P4GN). In 2016, it carried out the advance level of assistance of P4GN strengthening of DKI Jakarta Province, health education for employees, the formation of peer educator to 20 employees, and education on the prevention of drug abuse outside the Company to students of SMAN 02 West Jakarta as many as 70 people.

To ensure a healthy work environment, then the assessment of work environment is carried out in 2016 which followed by the Health Risk Assessment in the PGN's network and non-network environments which include:

- Biology factor (yeast, legionella, and bacteria contaminations);
- Chemical factor (Carbon monoxide, carbon dioxide, sulfur dioxide, nitrogen dioxide, ammonia, oxidants, Formaldehyde, total volatile organic compounds (TVOC), SO2, etc);
- Physics factor (noise, lighting, temperature, humidity, the rate of air exchange, PM10, PM 2.5 ultraviolet, electromagnetic frequency, etc);
- Ergonomic factor (Nordic body map discomfort and Identification of video display terminal)
- Psyco-social factor (survey diagnostic stress, self-reporting questioner, and life event stress questioner)
- Examination of drinking water and clean water.

To increase the employees' awareness, a health education program is performed in 2016 with details as follows:

1. Health Education with themes:
   - Prevention and Early Detection of Cervical Cancer at PGN's Kartini event in April 2016 which was followed by 200 employees.
   - The socialization of illness caused by work in PGN Group environment which was followed by 50 employees.
   - The prevention and early detection of cancer to employees which was followed by 230 employees.
   - Roadshow for HIV & AIDS prevention and mitigation that was followed by 250 people.

2. Provide health education at PGN's portal/desktop with themes:
   - Movement of people lives healthily.
   - Recognize 7 symptoms of "office syndrome"
   - Dengue chikungunya zika
   - The benefits of quit smoking
   - Lung Tuberculosis

Voluntary counseling and testing HIV. PGN supports the government program with target 90% of the employees know the HIV status HIV that aims to break the chain of HIV transmission. In 2016 the voluntary counseling and testing HIV has been conducted for 3 times with coverage number of 210 people. That examination is voluntary and the result is confidential.

Illness Prevention. To protect employees from hepatitis B and prevention of cervical cancer female employees, a hepatitis B immunization program to employees who do not have antibodies to hepatitis B and a Human Papilloma Virus immunization for 150 Female Employees were undertaken.

## CERTIFICATIONS AND AWARDS OF K3 IN 2016

PGN obtained various acknowledgment and awards from independent parties. These awards received by PGN for its commitment and achievements in applying operational activities that are free from work accident incidents and paying attention to as well as implementing the occupational health program. Those certifications and awards include:

1. PGN Certifications
   - Security Management System (SMS) 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
   - Patra Nirbhaya Karya Utama for GTM
   - Patra Nirbhaya Karya Utama for PT Kalimantan Jawa Gas
   - Patra Nirbhaya Karya Utama Award for SAKA Energi Indonesia
   - Patra Nirbhaya Karya Utama Award for PT TGI
   - Patra Nirbhaya Karya Utama Award for Nusantara Regas
   - P2-HIV & AIDS Program Award at Work Gold Category for PGN
   - P2-HIV & AIDS Program Award at Work Gold Category for PGAS Solution
   - ASEAN-OSHNET Excellence Award 2016
   - Zero Accident Award for PMO
   - Zero Accident Award for PGAS Solution
   - Zero Accident Award for PT TGI
   - Award In The Execution of Prevention, Combating Drug Abuse and Illicit Drugs (P4GN) at Work from the National Narcotics Agency










## ACTIVITY EXPENSES

Expenses for activities that relate to occupational safety and health management during 2016 amounted to Rp18,528,429,824.50.

# SOCIAL AND COMMUNITY DEVELOPMENT



## POLICY

PGN as a Leading State-Owned Company is always trying to improve its best performance to provide maximum benefits for its stakeholders. The strong commitment to always caring and sharing is embodied in the Corporate Social Responsibility (CSR) programs, which consistently executed to help society so that they could improve their welfare with a better life quality.

The CSR Program of PGN includes Partnership program, Environmental Development program, and Social and Environmental Responsibility. Communities around the operational area are the priority to receive the benefits of this program and also possible for other communities as part of support to the government program.

Based on Regulation of the Minister of State-Owned Enterprises No. PER-08/MBU/2013 dated 10 September 2013, the funding sources of Partnership and Community Development programs fund balance of profit after tax allowance, also comes from the company's budget that is calculated as costs. Further, in 2013, PGN adopted a policy that only allocates the Environmental Development Program in the company's budget, whilst the Partnership Program only manages the available fund balance.

## A strong commitment to caring and sharing is embodied in the Corporate Social and Environmental Responsibility Program.

Since 2015 the policy related to the implementation of CSR program has been changing, either from PGN's PGN along with the transformation program that is being undertaken so as to change the organization structure of PGN or from the Ministry of State, in line with the amendment of the relevant regulations. Internally, PGN issued a policy to temporarily suspend lending the Partnership Program, so that more focus in solidifying and strengthening the Environmental Development Program around the operational areas. On the external side, there was an amendment to the implementation of Partnership and Environmental Development program from the Ministry of State-Owned Enterprises with the issuance of Regulation of Minister of State No. 03/MBU/12/2016 on 16 December 2016.

Partnership and Environmental Development were undertaken through a variety of programs managed by the Corporate Social Responsibility Division work unit. Broadly speaking, the scope covers the Partnership Program and Environmental Development as well as Social and Environmental Responsibility.

## THE UNDERTAKEN ACTIVITIES PROGRAM

### Partnership Program

In 2016, PGN temporarily suspended the fund's distribution of Partnership Program as stated above. Related to the policy that temporarily suspends the fund distribution of Partnership Program, PGN focused more in the return process of current receivables by keep monitoring the implementation of State-Owned Enterprises synergy and the efforts to refund the trained partners' receivables intensively so that could increase the level of its collectibility. In addition, PGN kept monitoring the business continuity of the trained partners that have been fostered prior to the issuance of that policy. Examples of PGN's trained clusters among others tenun ikat cluster in Garut which then developed into Tenun Village – Trained Partner of PGN.

PGN tried to drive the local economy in all operational areas and its surroundings through Community Development program to decrease the economic disparity in the economic development. This program is emphasized on the community economic development so that the ability of small medium and micro enterprises (SMEs) can be increased to be strong and independent.

### Environmental Development Program

#### Natural Disaster Relief

In 2016, several disasters happened in Indonesia and as the form of concern and empathy to those who affected by disasters, PGN provided reliefs among others as follow:

- Public kitchen post and health services for landslide victims in Banjarnegara;
- Food assistance and health services for flood victims in Bima NTB, Garut, Karawang, Kampar, Medan, Sampang and Kendal;
- Food package for earthquake victims in Aceh;
- Indonesian standby food that is corned beef for the affected areas;
- Indonesia Disaster Emergency Rescue Equipment for flood victims in West Java.

#### Assistance on Educational and/or Training

PGN puts considerable attention in the field of education, the educational reliefs given by PGN in 2016 among others:

- The provision of scholarships to 1,125 college students from 15 public universities in Indonesia;
- The provision of educational assistance for communities around PGN's operational areas;
- Send 12 young teachers into the Elementary School Mentoring Program in Musi Banyuasin District and Muara Enim District, South Sumatra;
- Development of School Reading Park in Cirebon, Semarang, Palembang, Siak, and Mataram;
- Distribution of PGN comic book the Country's Legend series, National Heroes, and Successful People Biography to the communities surrounding the PGN's operational areas;
- Training and development for weaving artisan communities in Garut;
- PGN Innovation Camp program that is followed by PGN's scholarship recipients;
- The Students Know The Country Program that is a high-school student exchange program, by sending 20 high-school students from NTB to Jambi and accepting Jambi students in NTB (A State-Owned Enterprise Program "Present To The State");
- The State-Owned Enterprise Teaches Program carried out by 18 schools around the PGN's operational areas (A State-Owned Enterprise Program "Present To The State").

### Assistance on Health Facilities

In the health sector, PGN has conducted the following programs:

- The provisions of 19 ambulance units and 1 hearse for the people of North Sumatera, Riau Islands, Riau, South Sumatera, Lampung, Banten, Jakarta, West Java, Central Java, East Java, West Kalimantan and West Papua;
- Public Health Services through 10 PGN's Healthy Cars that consists of pregnancy examination, supplementation for pregnant women, contraceptives services, basic general health and dental services, examination of infants growth and development, and supplementary feeding for children and infants in the PGN's operational areas. This activity is carried out in Medan, Batam, South Sumatera, Lampung, Banten, DKI Jakarta, West Java and East Java;
- Lebaran Homecoming Health Post that covers health services, distribution of health supplement, provision of entertainment facilities in Lampung, Brebes, and Surabaya.

### Assistance on the Public Infrastructure and/or Facilities

During 2016, the activities that were carried out in the fields of public facilities and infrastructures are as follows:

- Build facilities and infrastructure of clean water supply in West Jakarta, Lampung; Muara Enim, West Jakarta, Serang, Cirebon, and Semarang;
- Development of Suspension Bridge in Hamberang Lebak Village (a continued program from 2015) and development of Pasir Buyut village bridge in Desa Pasir Buyut, Jawilan Sub-district, Serang;
- The provision of general infrastructure to build an arboretum in Pagardewa – Muara Enim and build the Biodiversity Park in Bedegung – Muara Enim for green proper which is a continued program from 2015;
- Repair the roads in the environment off Pantai Makmur village, Tarumajaya Sub-district, Bekasi;
- Development of the facilities and infrastructures of clean water in Central Lombok (A State-Owned Enterprise Program "Present To The State");
- Veteran house renovation program for 50 units in NTB area (A State-Owned Enterprise Program "Present To The State");
- Development of 400 toilets in 8 District in West Nusa Tenggara (A State-Owned Enterprise Program "Present To The State").

### Assistance in Worship Facilities

In 2016, PGN provided assistances in the field of worship facilities, among others:

- Development and renovation of worship facilities and religious supporting facilities as well as religious activities such as donations for orphans, donations for the poor, mass marriage, as well as assistance to religious activities that relate to other feast days;
- The provision of sacrificial animal for Idul Adha 1437 H. This relief is given to the communities in the surrounding of PGN's operational areas.

### Nature Conservation Support

In the field of nature conservation, PGN provided assistances among others as follows:

- Greening Program in watershed upstream of Citarum, Pacet – Bandung which started in 2015 and still being continued in this 2016;
- PGN still continue to provide relief for the establishment of the arboretum in Pagardewa Station and Biodiversity Park in Waterfall Tourist Area of Bedegung – Muara Enim. This program is planned for completion in 2017;
- Development of green open space in the area of Cikuasa Grogol, Cilegon;
- Community-based watershed management program in Kulonprogo;
- Mangrove plantation program in Sungai Apit Sub-district, Siak District – Riau;
- Planting shade trees in Mega Mendung Sub-district Bogor District.

### Public Social Assistance to Alleviate Poverty

As the form of PGN's participation in alleviating poverty, PGN provided assistances in the form of training for community empowerment, namely:

Training activities for community empowerment, namely:

- Provide training and support community development of woven craftsmen in Garut.
- Mentoring Program of Assisted Village in Panaran, Pagardewa, Labuhan Maringgai and Bojonegara Stations
- Product Branding Training Program for PGN's Development Partners
- Provide Makeup Training for 22 ex-inmates in Mataram, NTB (A State-Owned Enterprise Program "Present To The State").
- Mentoring assistance to 20 ex-national athletes in the form of entrepreneurship training in NTB (A State-Owned Enterprise Program "Present To The State").

The provision of 14,000 food packages to people in Riau, Banten, Jakarta, West Java, East Java, NTB (A State-Owned Enterprise Program "Present To The State");

Assistance on the development of daycare in markets in Mataram City, NTB (A State-Owned Enterprise Program "Present To The State");

Electricity facilities assistance in the household electrification program for 800 poor households in 8 districts in West Nusa Tenggara (A State-Owned Enterprise Program "Present To The State").

### Assistance on education, training, internship, marketing, promotion, and other assistances that relate to the capacity improvement efforts for Development Partners of Partnership Program

As the form of PGN's participation in improving the capacity of Development Partners of Partnership Program, during the year of 2016 PGN provided the following assistances:

- Development partners participation at 2016 IFEX JIEXPO Kemayoran;
- Development partners participation at 2016 Inacraft Exhibition.

### ACTIVITIES EXPENSES

Distribution of CSR Program and Environmental Development Program, both of which use the company's cost source of funds and profit allocation in 2016 amounted to Rp 129,872,041,136.00

## REALIZATION OF THE CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES PROGRAM IN 2016

| DESCRIPTION | CSR | PARTNERSHIP AND ENVIRONMENTAL DEVELOPMENT PROGRAM | | | JUMLAH |
|---|---|---|---|---|---|
| | | The Company's Cost | Profit Allocation | Jumlah | |
| **A. ENVIRONMENTAL DEVELOPMENT PROGRAM)** | | | | | |
| Relief for Natural Disaster Victims | 238,456,682 | 2,076,517,236 | 607,926,775 | 2,684,444,011 | 2,922,900,693 |
| Assistances on Education and/or Training | 1,630,881,013 | 17,142,374,666 | 8,639,062,655 | 25,781,437,321 | 27,412,318,334 |
| Assistances on Health Improvement | 6,971,710,735 | 17,831,773,626 | 2,647,235,745 | 20,479,009,371 | 27,450,720,106 |
| Assistances on the Infrastructure and/or Public Facilities Development | 789,034,370 | 15,649,002,847 | 5,708,798,800 | 21,357,801,647 | 22,146,836,017 |
| Worship Facilities Assistances | 12,012,095,208 | 19,781,654,528 | 5,673,813,726 | 25,455,468,254 | 37,467,563,462 |
| Natural Conservation Support | 243,281,196 | 2,669,131,736 | 726,971,400 | 3,396,103,136 | 3,639,384,332 |
| Assistances in the Poverty Alleviation | 1,005,818,786 | 5,417,397,859 | 1,988,709,897 | 7,406,107,756 | 8,411,926,542 |
| Mentoring Assistance for Development Partners | | | 420,391,650 | 420,391,650 | 420,391,650 |
| Total Realization of Environmental Development Program | 22,891,277,990 | 80,567,852,498 | 26,412,910,648 | 106,980,763,146 | 129,872,041,136 |
| **B. PARTNERSHIP PROGRAM** | | | | | |
| **Soft Loan** | | | | | |
| **Mentoring** | | | | | |
| Total Realization of Partnership Program | | | | | |
| **TOTAL (A+B)** | 22,891,277,990 | 80,567,852,498 | 26,412,910,648 | 106,980,763,146 | 129,872,041,136 |

# PRODUCT LIABILITY AND CONSUMER



## POLICY

As companies face several challenges including Indonesia's natural gas industry which is becoming increasingly competitive and the needs and expectations of customers who have changes, the PGN throughout 2016 have take proactive steps to change for the better by making services to customers as the main focus of purpose of change, PGN constantly adapt to maintain the company's growth to realize and understand that a desired result will be achieved efficiently when activities and related resources are managed as a process.

Unique and dynamic customer characteristics always are the concern of PGN to be met and aligned with PGN's ability. Various activities carried out by PGN to meet customers expectations, both from the technical side and excellence service.

## ACTIVITIES PROGRAM IN 2016

During 2016, PGN has implemented the following excellence services program to customers:

1. PGN Contact Center
   PGN has a contact center service that can be accessed through number 1500645 and email contact.center@pgn.co.id. Customers and public can contact that number to get all information or to complain or ask question about PGN's products and services.

   PGN Contact Center operates for 24 hours a day and 7 days in a week. Any question on general information about PGN will be directly responded by the Contact Center Agent and for complaints will be forwarded to the authorized officers for further actions. Overall, both questions and complaints will be recorded in the Contact Center database.

Excellent service by every member of PGN received high appreciations from customers.

The achievement of customer satisfaction index in 2015 increased compared to 2014 to 5.3 of 6.00 scale.

In 2016, PGN Contact Center 1-500-645 make corrections to the transformation of the previous decentralization spread across 4 locations (Central Office, SBU 1, SBU SBU 2 and 3) be centralized in the Central Office Lobby Graha PGN with the addition of Agent service Walk- in which are placed in some of the previous Area Sales through Agent Inbound service only.

For the implementation of corporate culture ProCISE which one of them is Service Excellence, this complaint handling has response time a maximum of 24 hours of receipt. In 2016, there were 4,372 complaints where all of those complaints were handled and solved less than 24 hours.

2. Customer Satisfactory Measurement
PGN in regularly conducts customers' satisfaction measurement for always be able to see the consistency of the company's performance in any chance with customers and keep introspective on the changes of customers' hope and needs. For the year 2016, the Company conducted a customer' satisfaction measurement through a survey done by an independent party. These measurement results were Customer Satisfaction Index (CSI), Customer Dissatisfaction Index (CDI), Customer Loyalty Index (CLI), Customer Referral Index (CRI) and Net Promoter Score (NPS). In this 2016, in that measurement process was found many hopes and problems that arise during this time that will be the input for the Company to be able to continue in providing its best services and improving its services performance. For the year 2016, the customer satisfaction measurement was focused on each service encounter and customers expectations/hopes for the future in the midst of natural gas trade market competition. The customer satisfaction survey was conducted to all

customer segments, namely household, commercial, and industry customers. From the result of a research done in 2016, acquired that CSI of 5.37 higher than the previous year of 5.30 (maximum scale of 6).

3. Customer Gathering
   In order to establish effective communication, sharing the latest information, educate the market and establish a sense of closer kinship, PGN also active in the Customer Gathering activities. This activity is carried out also in order to get better understand and narrow the gap between the wishes of the customer and the Company's ability to provide services.

   Other than Customer Gathering, PGN through the Customer Management Area is also active in visiting the Customer or Prospective Customer in order to establish the harmonization and synergy of natural gas distribution business activities. During such visits, PGN actively gave inputs to Customer or Prospective Customer to increase the efficiency of their equipment utilization as well as to understand the Customer or Prospective Customer business situations which become very valuable inputs for the management to make gas subscribe policies.

## CUSTOMER GATHERING ACTIVITIES

| No | Area | Place | Date |
|---|---|---|---|
| 1. | Jakarta | Rusunawa Hall, Pulogebang | 14 January 2016 |
| | | Corpotarien Meeting Hall | 28 February 2016 |
| | | Function Hall, Malaka Jaya Village, RW 03 Perumnas Klender | 3 March 2016 |
| | | Community Hall RW 09 Berdikari Sentosa Garden | 5 March 2016 |
| | | Community Hall RW 011 Tanah Abang Flats | 8 March 2016 |
| | | Community Hall Pulogadung Flats | 10 March 2016 |
| | | Community Hall RW 015 Eramas 2000 Housing | 12 March 2016 |
| | | Community Hall Cengkareng Flats | 14 March 2016 |
| | | Secretariat Building, RW 010 Kemayoran Flats | 17 March 2016 |
| | | Community Hall RW 010 Cilincing Flats | 22 March 2016 |
| | | Cikeas Sentul Pond | 26 May 2016 |
| | | Batavia Sunda Kelapa Marina | 16 June 2016 |
| | | Penang Bistro Central Park | 20 June 2016 |
| | | Bandar Jakarta Summarecon | 22 June 2016 |
| | | Santika Hotel, TMII | 23 June 2016 |
| | | Cikang Restaurant, Menteng | 29 June 2016 |
| | | Function Hall, RW 10, Apron Blok, Kemayoran Flats | 29 July 2016 |
| 2. | Tangerang | Learning Centre PT Torabika Eka Semesta I | 11 February 2016 |
| | | Meeting Room Manager Torabika Eka Semesta II | 17 February 2016 |
| | | Al Bayyinat Mosque, Sawo Raya Street | 22 February 2016 |
| | | Malabar I Street, Number 120 | 4 April 2016 |
| | | Kecipir I Street, Numbero 14 | 6 April 2016 |
| | | Jati Street, Number II No 1 | 27 April 2016 |
| | | Sempor IV Street | 28 April 2016 |
| | | Santika BSD Hotel | 28 April 2016 |
| | | Perumnas Karawaci | 31 May 2016 |
| | | Grand Ballroom Hotel Atria | 20 June 2016 |
| | | Bandar Jakarta Restaurant | 14 October 2016 |

| No | Area | Place | Date |
|---|---|---|---|
| 3. | Bekasi | Jababeka Golf & Country Club | 6 March 2016 |
| | | Sport Hall, Blok B, RW 20 Perum Margahayu | 21 April 2016 |
| | | Main Square, RW 7, Subdistrict Arean Jaya Perumnas 3 | 24 April 2016 |
| | | Holiday Inn Hotel, Jababeka Cikarang | 27 April 2016 |
| | | Bandar Djakarta Summarecon Bekasi | 17 May 2016 |
| | | Sari Ater Hotel & Resort, Subang | 20 – 21 May 2016 |
| | | Holiday Inn Hotel, Cikarang Jababeka | 10 June 2016 |
| | | Permata Sentul Golf | 23 July 2016 |
| | | Jababeka Golf & Country Club | 4 August 2016 |
| | | Permata Sentul Golf & Country Club | 23 September 2016 |
| | | Royale Jakarta Golf Club | 13 September 2016 |
| | | Sentul Highland Golf Club | 10 September 2016 |
| | | Permata Sentul Golf & Country Club | 4 October 2016 |
| | | Permata Sentul Golf & Country Club | 8 October 2016 |
| 4 | Karawang | Distamben Office | 14 January 2016 |
| | | Subdistrict Office, Adiarsa Barat | 27 January 2016 |
| | | Borobudur Meeting Room, Citra Grand Hotel | 27 January 2016 |
| | | Meeting Room, 2nd Flour, PGN Karawang Area | 2 February 2016 |
| | | Meeting Room, The Manor Building, 3rd Flour, Suryacipta Square | 4 February 2016 |
| | | New Meeting Room, Puri KIIC | 23 February 2016 |
| | | Sindang Reret Restaurant | 1 March 2016 |
| | | The Pool Restaurant - Brits Hotel | 1 March 2016 |
| | | Zenfuku - Citra Grand Hotel | 3 March 2016 |
| | | Tenkai - Resinda Hotel | 10 March 2016 |
| | | Perumahan Bumi Karawang Permai Mosque, Karawang | 11 March 2016 |
| | | The Oryza Restaurant - Resinda Hotel | 18 March 2016 |
| | | The Oryza Restaurant - Resinda Hotel | 31 March 2016 |
| | | Fairways Restaurant - Sedana Golf & Country Club | 31 March 2016 |
| | | Seribu Rasa Restaurant | 13 April 2016 |
| | | Sedana Golf & Country Club | 20 April 2016 |
| | | Resinda Hotel Karawang | 20 April 2016 |
| | | Padang Golf Modern | 22 April 2016 |
| | | Hai Wang Restaurant | 23 June 2016 |
| | | Swiss Belinn Hotel Karawang | 17 June 2016 |
| | | Lebak Sari Indah | 19 July 2016 |
| | | Yu Tree Park Restaurant | 22 July 2016 |
| | | Restaurant Good Day | 1 August 2016 |
| | | Restaurant Damai Indah Golf | 5 August 2016 |
| | | Restaurant Good Day | 1 September 2016 |
| 5 | Bogor | Aston Sentul Lake Resort & Conference Center | 30 May 2016 |
| | | Gedung Braja Mustika Jl. DR. Semeru Bogor | 24 June 2016 |
| | | Manunggal Subdistrict Field | 14 August 2016 |
| | | PGN Bogor Area Hall | 27 September 2016 |
| | | Jambuluwuk Ciawi Hotel | 7 – 8 October 2016 |
| 6 | Cirebon | Cirebon Gourmet Convention Hall & Resto. | 19 May 2016 |
| | | Hotel Zamrud Cirebon | 26 October 2016 |

| No | Area | Place | Date |
|---|---|---|---|
| 7 | Palembang | Al-Aqobah II Mosque, Komp. Pusri Sako Kenten Palembang | 18 May 2016 |
| | | Jl. Batanghari Blok I-5 Komp. Pusri Sukamaju Palembang | 24 May 2016 |
| | | Aston Hotel, Palembang | 17 June 2016 |
| | | Boom Futsal Palembang | 23 August 2016 |
| | | Seven7 Futsal Palembang | 4 October 2016 |
| 8 | Lampung | Hotel Aston, Lampung | 23 January 2016 |
| | | Hotel The 7th, Lampung | 20 October 2016 |
| 9 | Cilegon | Perum BPI Cilegon | 19 February 2016 |
| | | USSU Hotel and The Royal Hotel | 26-27 and 30 May 2016 |
| | | The Royal Hotel | 17 June 2016 |
| | | Bintang Laguna | 15 July 2016 |
| | | Pesona Metro, Cilegon | 13 October 2016 |
| 10 | Surabaya | Royal Ballroom Hotel JW Marriott, Surabaya | 25 May 2016 |
| 11 | Sidoarjo | Wates Subdistrict, Mojokerto | 19 February 2016 |
| | | Function Hall, Handayani Restaurant | 30 March 2016 |
| | | Sport Center, Sidoarjo | 13 June 2016 |
| | | Sport Center, Sidoarjo | 29 August 2016 |
| | | Perum. Tropodo Indah RW. 04 | 21 August 2016 |
| | | Mercure Hotel, Surabaya | August 2016 |
| | | Wates Subdistrict, Mojokerto | 3 October 2016 |
| | | Sport Center, Sidoarjo | 11 October 2016 |
| 12 | Pasuruan | Perumahan Mutiara Keluarga, Pasuruan | 21 February 2016 |
| | | Community Hall, Suwoyuwo, Sukorejo, Pasuruan | 27 February 2016 |
| | | Community Hall, Suwoyuwo, Sukorejo, Pasuruan | 28 February 2016 |
| | | PT Amcor Tobacco Packaging Indonesia | 23 March 2016 |
| | | PT Bumi Satoria | 23 March 2016 |
| | | Futsal and Badminton Giampur Field, Pandaan, Pasuruan | 30 April 2016 |
| | | Royal Ballroom Hotel JW Marriott Surabaya | 25 May 2016 |
| | | Finna Hotel & Country Club Resort | 28 July 2016 |
| 13 | Semarang | Gumaya | 15 March 2016 |
| | | RW Hall, Perumahan Wahyu Utomo | 5 March 2016 |
| | | PGN Area Semarang | 7 June 2016 |
| | | Novotel Hotel, Semarang | 15 July 2016 |
| | | PGN Area Semarang | 29 July 2016 |
| | | Sumber Community Hall, Semarang | 29 July 2016 |
| | | PGN Area Semarang | 1 August 2016 |
| 14 | Medan | Emerald Hotel | 27 July 2016 |
| | | PGN Area Medan | 31 August 2016 |
| 15 | Pekanbaru & Dumai | Labersa Golf & Country Club | 23 January 2016 |
| | | Indah Puri Golf Resort Sekupang | 26 February 2016 |
| | | Labersa Golf & Country Club | 12 March 2016 |
| | | Labersa Golf & Country Club | 9 April 2016 |
| | | Labersa Golf & Country Club | 23 April 2016 |
| | | Labersa Golf & Country Club | 21 May 2016 |
| | | Labersa Golf & Country Club | 30 July 2016 |

| No | Area | Place | Date |
|---|---|---|---|
| | | Labersa Golf & Country Club | 13 August 2016 |
| | | Labersa Golf & Country Club | 27 August 2016 |
| | | Labersa Golf & Country Club | 17 September 2016 |
| | | Labersa Golf & Country Club | 22 October 2016 |
| | | Labersa Golf & Country Club | 8 October 2016 |
| 16 | Batam | Batam Hill Golf Resort Kepulauan Riau | 27 February 2016 |
| | | Perumahan Greenland | 23 March 2016 |
| | | Tembesi Sagulung Subdistrict Office, Batam | 7 March 2016 |
| | | Tanjung Uncang Batu Aji Subdistrict Office, Batam | 8 March 2016 |
| | | Bukit Tempayan Batu Aji Subdistrict Office, Batam | 16 March 2016 |
| | | Sungai Langkai Sagulung Subdistrict Office, Batam | 31 March 2016 |
| | | Buliang  Batu Aji Batam | 11 March 2016 |
| | | Perumahan KDA | 23 April 2016 |
| | | Pasum Perumahan Buana Raya Batu Aji Batam | 31 May 2016 |
| | | Perumahan Greenland | 26 August 2016 |
| 17 | Tarakan | Pamusian Subdistrict Office | 24 February 2016 |
| | | Karang Anyar Subdistrict Office | 9 March 2016 |
| | | Kampung 1 Skip Subdistrict Office | 11 March 2016 |
| | | Selumit Subdistrict Office | 23 March 2016 |
| | | Gunung Lingkas Subdistrict Office | 24 March 2016 |
| | | Karang Anyar Pantai Subdistrict Office | 14 April 2016 |
| | | Selumit Pantai Subdistrict Office | 15 April 2016 |
| | | Lingkas Ujung Subdistrict Office | 20 April 2016 |
| | | Malawele Subdistrict, Aimas District, RT. 01 RW. 01, Kabupaten Sorong | 28 January 2016 |
| | | Malawele Subdistrict, Aimas District, RT. 03 RW. 01, Sorong | 29 January 2016 |
| | | Malawele Subdistrict, Aimas District, RT. 02 RW. 04, Sorong | 10 February 2016 |
| | | Malawele Subdistrict, Aimas District, RT. 03 RW. 05, Sorong | 10 February 2016 |
| | | Malawele Subdistrict, Aimas District, RT. 01 RW. 04, Sorong | 11 February 2016 |
| | | Malawele Subdistrict, Aimas District, RT. 02 RW. 05, Sorong | 12 February 2016 |
| | | Malawele Subdistrict, Aimas District, RT. 01 RW. 02, Sorong | 13 February 2016 |
| | | Handayani Hotel, Aimas, Sorong | 5 August 2016 |
| | | Mr. Jamal's House, Lurah Malawele, Jl. Seledri | 7 August 2016 |
| | | Mr. Wardoyo's House, Jl. Labu RT. 02 RT. 04 | 7 August 2016 |
| | | Mr. Basor's Housei, Jl. Gambas RT. 01 RW. 03 | 9 August 2016 |
| | | Mr. Abd. Salam's House, Gambas Street RT. 05 RW. 06 | 11 August 2016 |
| | | Mr. Jayadi's House, Jl. Terong RT. 01 RW. 02 | 12 August 2016 |
| | | Handayani Hotel, Aimas, Sorong | 29 November 2016 |
| | | Home of neighborhood association's Head Sector 3 and 4 | 17 December 2016 |

4. PGN Loving Mother
   Since 2014, PGN launched the PGN Loving Mother Program that aims to support government program in converting the dependence of oil fuel to gas. In addition, also synergized with the Ministry of Energy and Mineral Resources to operate the gas network that has been built in the previous years.

5. Promotion Program
   In order to introduce the natural gas product and PGN institution to the wide community, especially outside the existing PGN areas/ the planned new development areas, then in 2016, the following promotion activities were undertaken:
   - Markplus Exhibition Conference 2016
   - Participation Seminar *Himpunan Kawasan Industri (HKI)*
   - Keramika Exhibition 2016 (ASAKI)
   - National Seminar Participation Executed by *Himpunan Kawasan Industri (HKI)*
   - Participation Jakarta Marketing Week 2016 oleh Markplus
   - Making Brochures Procedures Bill Payment Domestic Gas Customers
   - Participation Publishing Directory *Asosiasi Industri Keramik Indonesia (ASAKI)*
   - Participation Jakarta Great Sale Festival 2016 in order Welcomes HUT Jakarta
   - Purchase PGN Broadcast SMS Token SMS for Domestic Customers (Promotion and Notice of Billing Household)
   - Participation Event The Best Contact Center
   - National Electricity Day Fair Participation All 71 were held by *Masyarakat Ketenagalisrikan Indonesia (MKI)*
   - Creation Stickers Prospecting Survey PGN
   - Participation in Investor Event Gathering Industrial Estate Krakatau Industrial Estate Cilegon (KIEC)
   - Participation Events National Conference of Industrial Estate 7th 2016
   - Activity in the Garden Greening and Environmental Development PT. Indonesia Tanjung Priok Power UPJB

## ACTIVITIES EXPENSES

PGN keeps updating the Service Excellence standard to be able to meet customer expectations and create excellence service for customers. This shows the serious prove of PGN and all members of PGN in creating customer satisfaction and preparing itself in facing various business challenges or competitors in the future. To boost the quality of service and satisfaction to customers, in 2016 PGN had spent Rp 4,592,564,508.-

# CONSOLIDATED FINANCIAL STATEMENTS 07

# 07 CONSOLIDATED FINANCIAL STATEMENTS



# PT PERUSAHAAN GAS NEGARA (PERSERO) TBK DAN ENTITAS ANAK/*AND SUBSIDIARIES*

# LAPORAN KEUANGAN KONSOLIDASIAN/ *CONSOLIDATED FINANCIAL STATEMENTS*

## 31 DESEMBER 2016 DAN 2015, DAN 1 JANUARI 2015/ *DECEMBER 31, 2016 AND 2015, AND JANUARY 1, 2015*

**Surat pernyataan direksi tentang tanggung jawab atas laporan keuangan konsolidasian tanggal 31 Desember 2016 dan 2015 dan 1 Januari 2015/31 Desember 2014**
**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, 2016 and 2015 and January 1, 2015/December 31, 2014***
***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 | : Hendi Prio Santoso | : | *Name 1.* |
| | Alamat Kantor | : Jl. K.H. Zainul Arifin No.20, Jakarta | : | *Address* |
| | Alamat Domisili (sesuai KTP atau kartu identitas lain) | : Jl. Cipete No. 15A RT 001/004, Kel. Cipete Selatan Cilandak, Jakarta Selatan | : | *Residential Address (as in identity card or other 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 RT 001/006, Kelapa Dua Kebon Jeruk, Jakarta Barat | : | *Residential Address (as in identity card or other 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;
2. Laporan keuangan konsolidasian telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia; dan
   a. Semua informasi dalam laporan keuangan konsolidasian Perusahaan telah dimuat secara lengkap dan benar;
   b. Laporan keuangan konsolidasian Perusahaan tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material.
3. Bertanggung jawab atas sistem pengendalian intern Perusahaan dan Entitas Anak.

1. *We are responsible for the preparation and the presentation of the consolidated financial statements;*
2. *The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards; and*
   a. *All information has been fully and correctly disclosed in the Company's consolidated financial statements;*
   b. *The Company's consolidated financial statements do not contain false material information or facts, nor do they omit material information or facts.*
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, 03 Maret 2017

Direktur Utama/*President Director*

Hendi Prio Santoso

Direktur Keuangan/*Finance Director*

Nusantara Suyono

METERAI TEMPEL 6000 ENAM RIBU RUPIAH

pwc

## 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 2016, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

*We have audited the accompanying consolidated financial statements of PT Perusahaan Gas Negara (Persero) Tbk. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statement of proft or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.*

### Tanggung jawab manajemen atas laporan keuangan konsolidasian

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian ini sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

### *Management's responsibility for the consolidated financial statements*

*Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.*

### Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian ini berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian bebas dari kesalahan penyajian material.

### *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*

Nomor Izin Usaha: KEP-241/KM.1/2015.

pwc

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 keefektivitasan 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.

*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.*

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

*We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.*

**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 2016, serta kinerja keuangan dan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

***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, 2016, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.*

JAKARTA
3 Maret/*March* 2017

**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 2016 DAN 2015, DAN 1 JANUARI 2015**
(Dinyatakan dalam Dolar Amerika Serikat, kecuali nilai nominal dan data saham)

***CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***
***DECEMBER 31, 2016 AND 2015, AND JANUARY 1, 2015***
*(Expressed in US Dollar, except for par value and share data)*

| | Catatan/ *Notes* | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015* | 1 Januari/ *January* 2015* | |
|---|---|---|---|---|---|
| **ASET** | | | | | ***ASSETS*** |
| **ASET LANCAR** | | | | | ***CURRENT ASSETS*** |
| Kas dan setara kas | 5 | 1,304,043,250 | 1,135,502,538 | 1,130,950,217 | *Cash and cash equivalents* |
| Investasi jangka pendek | 6 | 68,832,771 | 64,669,022 | 92,588,146 | *Short-term investments* |
| Piutang usaha | 7 | | | | *Trade receivables* |
| - Pihak berelasi | | 110,001,213 | 103,849,943 | 55,574,614 | *Related parties -* |
| - Pihak ketiga | | 211,163,487 | 182,744,626 | 238,948,856 | *Third parties -* |
| Piutang lain-lain | 8 | 234,041,757 | 100,659,573 | 69,599,876 | *Other receivables* |
| Piutang *promissory notes* | | - | - | 13,714,628 | *Promissory notes receivables* |
| Persediaan | 9 | 65,293,227 | 43,453,022 | 62,605,239 | *Inventories* |
| Uang muka | 10 | 97,034,964 | 78,283,079 | 56,220,753 | *Advances* |
| Beban dibayar di muka | 11 | 34,263,560 | 13,369,034 | 14,790,377 | *Prepaid expenses* |
| Total aset lancar | | 2,124,674,229 | 1,722,530,837 | 1,734,992,706 | *Total current assets* |
| **ASET TIDAK LANCAR** | | | | | ***NON-CURRENT ASSETS*** |
| Piutang usaha | 7 | | | | *Trade receivables* |
| - Pihak berelasi | | 222,589,494 | 240,717,868 | - | *Related parties -* |
| - Pihak ketiga | | 52,609 | 647,410 | - | *Third parties -* |
| Piutang lain-lain jangka panjang | 12 | 228,013,045 | 275,839,353 | 61,790,787 | *Other long-term receivables* |
| Uang muka, bagian tidak lancar | 10 | 60,507,887 | 117,979,126 | 118,899,606 | *Advances, non-current portion* |
| Penyertaan saham | 13 | 427,438,815 | 387,948,711 | 403,517,140 | *Investment in shares of stock* |
| Aset tetap | 14 | 1,828,630,994 | 1,871,295,357 | 1,770,763,161 | *Fixed assets* |
| Aset eksplorasi dan evaluasi | 15a | 52,594,652 | 49,947,246 | 12,744,097 | *Exploration and evaluation assets* |
| Properti minyak dan gas | 15b | 1,708,665,674 | 1,636,331,976 | 1,416,588,326 | *Oil and gas properties* |
| Goodwill dan aset tak berwujud lainnya | 16 | 4,627,160 | 3,851,047 | 50,676,966 | *Goodwill and other intangible assets* |
| Taksiran tagihan pajak | 22a | | | | *Estimated claims for tax refund* |
| - Pajak penghasilan | | 20,779,992 | 16,466,112 | 129,621 | *Income taxes -* |
| - Pajak lain-lain | | 73,485,563 | 90,038,765 | 73,901,605 | *Other taxes -* |
| Aset pajak tangguhan | 22d | 77,050,565 | 75,598,358 | 37,654,959 | *Deferred tax assets* |
| Lain-lain | | 5,042,289 | 5,830,095 | 7,909,000 | *Others* |
| Total aset tidak lancar | | 4,709,478,739 | 4,772,491,424 | 3,954,575,268 | *Total non-current assets* |
| **TOTAL ASET** | | **6,834,152,968** | **6,495,022,261** | **5,689,567,974** | ***TOTAL ASSETS*** |

* Direklasifikasi, lihat Catatan 45.

*As reclassified, refer to Note 45. **

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 1/2 *Page***

**LAPORAN POSISI KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015, DAN 1 JANUARI 2015**
(Dinyatakan dalam Dolar Amerika Serikat, kecuali nilai nominal dan data saham)

***CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***
***DECEMBER 31, 2016 AND 2015, AND JANUARY 1, 2015***
*(Expressed in US Dollar, except for par value and share data)*

| | Catatan/ *Notes* | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015* | 1 Januari/ *January* 2015* | |
|---|---|---|---|---|---|
| **LIABILITAS** | | | | | ***LIABILITIES*** |
| **LIABILITAS JANGKA PENDEK** | | | | | ***SHORT-TERM LIABILITIES*** |
| Utang usaha | 17 | | | | *Trade payables* |
| - Pihak berelasi | | 25,605,442 | 30,069,489 | 32,911,210 | *Related parties -* |
| - Pihak ketiga | | 86,154,305 | 86,927,123 | 104,744,217 | *Third parties -* |
| Utang lain-lain | 18 | 107,408,420 | 84,667,261 | 115,344,702 | *Other payables* |
| Liabilitas yang masih harus dibayar | 19 | 231,197,395 | 269,863,474 | 280,646,193 | *Accrued liabilities* |
| Pinjaman bank jangka pendek | 20b | 100,000,000 | - | - | *Short-term bank loans* |
| Bagian jangka pendek dari pinjaman bank jangka panjang | 20a | 170,987,760 | 121,621,548 | 47,745,427 | *Short-term portion of long-term bank loans* |
| Utang pajak | 22b | | | | *Taxes payable* |
| - Pajak penghasilan | | 29,342,932 | 10,965,213 | 20,469,702 | *Income taxes -* |
| - Pajak lain-lain | | 13,348,181 | 10,501,871 | 11,980,692 | *Other taxes -* |
| Liabilitas imbalan kerja jangka pendek | 23 | 51,327,452 | 52,704,202 | 55,309,832 | *Short-term employee benefits liabilities* |
| Total liabilitas jangka pendek | | 815,371,887 | 667,320,181 | 669,151,975 | *Total current liabilities* |
| **LIABILITAS JANGKA PANJANG** | | | | | ***LONG-TERM LIABILITIES*** |
| Utang derivatif | 25 | 8,828,746 | 11,330,750 | 11,005,055 | *Derivative payable* |
| Pinjaman bank jangka panjang | 20a | 1,296,315,710 | 1,253,416,592 | 473,038,896 | *Long-term bank loans* |
| Utang obligasi | 21 | 1,335,343,701 | 1,333,756,692 | 1,332,255,514 | *Bonds payables* |
| Liabilitas pajak tangguhan | 22d | 84,645,847 | 94,128,626 | 142,128,120 | *Deferred tax liabilities* |
| Liabilitas pembongkaran aset dan restorasi area | 24 | 26,306,310 | 31,535,308 | 73,554,156 | *Asset abandonment and site restoration obligations* |
| Liabilitas imbalan pascakerja | 23 | 94,370,721 | 77,843,277 | 109,928,336 | *Post-employment benefits obligation* |
| Pendapatan diterima di muka | | 2,776,712 | 2,886,781 | 3,035,878 | *Unearned income* |
| Total liabilitas jangka panjang | | 2,848,587,747 | 2,804,898,026 | 2,144,945,955 | *Total non-current liabilities* |
| **TOTAL LIABILITAS** | | **3,663,959,634** | **3,472,218,207** | **2,814,097,930** | ***TOTAL LIABILITIES*** |

* Direklasifikasi, lihat Catatan 45.

*As reclassified, refer to Note 45. **

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 1/3 *Page***

**LAPORAN POSISI KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015, DAN 1 JANUARI 2015**
(Dinyatakan dalam Dolar Amerika Serikat, kecuali nilai nominal dan data saham)

***CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***
***DECEMBER 31, 2016 AND 2015, AND JANUARY 1, 2015***
*(Expressed in US Dollar, except for par value and share data)*

| | Catatan/ *Notes* | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015* | 1 Januari/ *January* 2015* | |
|---|---|---|---|---|---|
| **EKUITAS** | | | | | ***EQUITY*** |
| **Ekuitas yang dapat diatribusikan kepada pemilik entitas induk** | | | | | ***Equity attributable to owners of the parent*** |
| Modal saham - nilai nominal Rp100 per saham Modal dasar – 70.000.000.000 dari saham yang terdiri 1 saham Seri A Dwiwarna dan 69.999.999.999 saham Seri B 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 | 344,018,831 | *Share capital - par value of Rp100 per share Authorized - 70,000,000,000 shares consist of 1 Series A Dwiwarna share and 69,999,999,999 Series B shares 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* |
| Saham treasuri | 26a | - | (251,054) | (251,054) | *Treasury stocks* |
| Modal disetor lainnya | 26b | 284,339,313 | 284,339,313 | 284,339,313 | *Other paid-in capital* |
| Saldo laba | | | | | *Retained earnings* |
| Dicadangkan | | 2,576,863,351 | 2,343,765,418 | 1,892,288,752 | *Appropriated* |
| Tidak dicadangkan | | (12,289,093) | 84,586,366 | 406,140,550 | *Unappropriated* |
| Komponen ekuitas lainnya | | (29,757,693) | (36,102,749) | (51,095,926) | *Other components of equity* |
| Total ekuitas yang dapat diatribusikan kepada pemilik entitas induk | | 3,163,174,709 | 3,020,356,125 | 2,875,440,466 | *Total equity attributable to owners of the parent* |
| Kepentingan nonpengendali | 27 | 7,018,625 | 2,447,929 | 29,578 | *Non-controlling interests* |
| **TOTAL EKUITAS** | | **3,170,193,334** | **3,022,804,054** | **2,875,470,044** | ***TOTAL EQUITY*** |
| **TOTAL LIABILITAS DAN EKUITAS** | | **6,834,152,968** | **6,495,022,261** | **5,689,567,974** | ***TOTAL LIABILITIES AND EQUITY*** |

* Direklasifikasi, lihat Catatan 45.

*As reclassified, refer to Note 45 **

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**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 2/1 *Page***

**LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN UNTUK TAHUN-TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016 DAN 2015**
(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, 2016 AND 2015***
*(Expressed in US Dollar, except earnings per share)*

| | Catatan/ *Notes* | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015* | |
|---|---|---|---|---|
| **PENDAPATAN NETO** | 29 | 2,934,778,710 | 3,068,790,845 | ***NET REVENUES*** |
| **BEBAN POKOK PENDAPATAN** | 30 | (2,047,838,771) | (2,105,680,228) | ***COST OF REVENUES*** |
| **LABA BRUTO** | | **886,939,939** | **963,110,617** | ***GROSS PROFIT*** |
| Beban distribusi dan transmisi | 31 | (220,401,617) | (201,231,465) | *Distribution and transmission expense* |
| Beban umum dan administrasi | 32 | (234,003,179) | (190,418,733) | *General and administrative expense* |
| Penurunan nilai properti minyak dan gas | 15b | (37,201,328) | (97,649,297) | *Impairment losses of oil and gas properties* |
| Beban lain-lain | 34b | (13,217,928) | (11,104,340) | *Others expenses* |
| Pendapatan lain-lain | 34a | 62,126,336 | 94,536,121 | *Other income* |
| **LABA OPERASI** | | **444,242,223** | **557,242,903** | ***OPERATING INCOME*** |
| Beban keuangan | 33a | (132,404,898) | (119,162,853) | *Finance cost* |
| Pendapatan keuangan | 33b | 17,838,004 | 16,220,751 | *Finance income* |
| Rugi selisih kurs | 34c | (5,120,175) | (14,304,070) | *Loss on foreign exchange* |
| Rugi perubahan nilai wajar derivatif | 25 | (4,526,823) | (6,656,089) | *Loss on change in fair value of derivatives* |
| Penurunan nilai goodwill | 16 | - | (47,235,828) | *Impairment lossess of goodwill* |
| Keuntungan dari pembelian dengan diskon | 4a | 7,243,369 | - | *Gain on bargain purchase* |
| Bagian laba dari ventura bersama | 13b | 57,713,446 | 51,259,769 | *Share in profit of joint ventures* |
| **LABA SEBELUM BEBAN PAJAK PENGHASILAN** | | **384,985,146** | **437,364,583** | ***PROFIT BEFORE INCOME TAX EXPENSE*** |
| **BEBAN PAJAK PENGHASILAN** | 22c | | | ***INCOME TAX EXPENSE*** |
| Kini | | (97,283,302) | (125,311,318) | *Current* |
| Tangguhan | | 20,882,072 | 90,705,639 | *Deferred* |
| Beban pajak penghasilan | | (76,401,230) | (34,605,679) | *Income tax expenses* |
| **LABA TAHUN BERJALAN** | | **308,583,916** | **402,758,904** | ***PROFIT FOR THE YEAR*** |

* Direklasifikasi, lihat Catatan 45.

*As reclassified, refer to Note 45 **

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 2/2 *Page***

**LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN UNTUK TAHUN-TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016 DAN 2015**
(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, 2016 AND 2015***
*(Expressed in US Dollar, except earnings per share)*

| | Catatan/ *Notes* | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015* | |
|---|---|---|---|---|
| **PENGHASILAN KOMPREHENSIF LAIN** | | | | ***OTHER COMPREHENSIVE INCOME*** |
| **Pos-pos yang tidak akan direklasifikasi ke laba rugi** | | | | ***Item that will not be reclassified to profit or loss*** |
| Pengukuran kembali liabilitas imbalan pascakerja | 23 | 2,423,979 | 26,046,360 | *Remeasurement of post-employment obligation* |
| Pajak penghasilan terkait | | (565,677) | (4,765,052) | *Related income tax* |
| | | 1,858,302 | 21,281,308 | |
| **Pos-pos yang akan direklasifikasikan ke laba rugi** | | | | ***Items that will be reclassified to profit or loss*** |
| Perubahan nilai wajar aset keuangan tersedia untuk dijual | 6 | 3,921,377 | (2,297,573) | *Changes in fair value of available-for-sale financial assets* |
| Selisih kurs karena penjabaran laporan keuangan entitas anak, setelah pajak | | 885,148 | (3,131,231) | *Difference in foreign currency translation of subsidiaries' financial statements, net of tax* |
| | | 4,806,525 | (5,428,804) | |
| **JUMLAH PENGHASILAN KOMPREHENSIF LAIN** | | 6,664,827 | 15,852,504 | ***TOTAL OTHER COMPREHENSIVE INCOME*** |
| **TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN** | | **315,248,743** | **418,611,408** | ***TOTAL COMPREHENSIVE INCOME FOR THE YEAR*** |
| **LABA TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:** | | | | ***PROFIT FOR THE YEAR ATTRIBUTABLE TO:*** |
| Pemilik entitas induk | | 304,324,421 | 401,199,880 | *Owners of the parent entity* |
| Kepentingan nonpengendali | 27 | 4,259,495 | 1,559,024 | *Non-controlling interests* |
| | | 308,583,916 | 402,758,904 | |
| **TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:** | | | | ***TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:*** |
| Pemilik entitas induk | | 310,669,477 | 416,193,057 | *Owners of the parent entity* |
| Kepentingan nonpengendali | 27 | 4,579,266 | 2,418,351 | *Non-controlling interests* |
| | | 315,248,743 | 418,611,408 | |
| **LABA BERSIH PER SAHAM - DASAR DAN DILUSIAN** | 35 | **0.013** | **0.017** | ***EARNINGS PER SHARE - BASIC AND DILUTED*** |

* Direklasifikasi, lihat Catatan 45.

*As reclassified, refer to Note 45 **

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.*

**LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

| | Ekuitas yang dapat diatribusikan kepada pemilik entitas induk/*Equity attributable to owners of the parent* | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Komponen ekuitas lainnya/ *Other components of equity* | | | | | | |
| | Modal saham ditempatkan dan disetor penuh/ *Issued and fully paid capital stock* | Saham treasuri/ *Treasury stocks* | Modal disetor lainnya/ *Other paid in capital* | Saldo laba/ *Retained earnings* | | Selisih kurs karena penjabaran laporan keuangan entitas anak/ *Difference in foreign currency translation of subsidiaries financial statement* | Keuntungan/ (kerugian) aktuaria/ *Actuarial gain /(loss)* | Perubahan nilai wajar aset keuangan tersedia untuk dijual/ *Changes in fair value of available-for-sale financial asset* | Total komponen ekuitas lainnya/ *Total other components of equity* | Kepentingan non pengendali/ *Non-controlling interests* | Jumlah ekuitas/ *Total equity* | |
| | | | | Dicadangkan/ *Appropriated* | Tidak dicadangkan/ *Unappropriated* | | | | | | | |
| **Saldo 1 Januari 2015** | **344,018,831** | **(251,054)** | **284,339,313** | **1,892,288,752** | **406,140,550** | **(16,168,150)** | **(35,332,777)** | **405,001** | **(51,095,926)** | **29,578** | **2,875,470,044** | ***Balance, January 1, 2015*** |
| Total laba tahun berjalan | - | - | - | - | 401,199,880 | - | - | - | - | 1,559,024 | 402,758,904 | *Profit for the year* |
| Pendapatan komprehensif lain tahun berjalan | - | - | - | - | - | (3,131,231) | 20,421,981 | (2,297,573) | 14,993,177 | 859,327 | 15,852,504 | *Other comprehensive income for the year* |
| Pembayaran dividen | - | - | - | - | (271,277,398) | - | - | - | - | - | (271,277,398) | *Payment of dividends* |
| Penyisihan cadangan umum | - | - | - | 451,476,666 | (451,476,666) | - | - | - | - | - | - | *General reserve allocation* |
| **Saldo 31 Desember 2015** | **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** | ***Balance, December 31, 2015*** |
| Penjualan saham treasuri | - | 251,054 | - | - | - | - | - | - | - | - | 251,054 | *Sale of treasury stocks* |
| Total laba tahun berjalan | - | - | - | - | 304,324,421 | - | - | - | - | 4,259,495 | 308,583,916 | *Profit for the year* |
| Pendapatan komprehensif lain tahun berjalan | - | - | - | - | - | 885,148 | 1,538,531 | 3,921,377 | 6,345,056 | 319,771 | 6,664,827 | *Other comprehensive income for the year* |
| Pembayaran dividen | - | - | - | - | (168,101,947) | - | - | - | - | (8,570) | (168,110,517) | *Payment of dividends* |
| Penyisihan cadangan umum | - | - | - | 233,097,933 | (233,097,933) | - | - | - | - | - | - | *General reserve allocation* |
| **Saldo 31 Desember 2016** | **344,018,831** | **-** | **284,339,313** | **2,576,863,351** | **(12,289,093)** | **(18,414,233)** | **(13,372,265)** | **2,028,805** | **(29,757,693)** | **7,018,625** | **3,170,193,334** | ***Balance, December 31, 2016*** |

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 DAN ENTITAS ANAK**

**Halaman 4 *Page***

**LAPORAN ARUS KAS KONSOLIDASIAN UNTUK TAHUN-TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **ARUS KAS DARI AKTIVITAS OPERASI** | | | ***CASH FLOWS FROM OPERATING ACTIVITIES*** |
| Penerimaan dari pelanggan | 2,966,046,617 | 3,058,651,519 | *Receipts from customers* |
| Penerimaan dari pendapatan keuangan | 20,892,973 | 15,346,823 | *Receipts from finance income* |
| Pembayaran kepada pemasok | (1,746,010,090) | (1,786,658,619) | *Payments to suppliers* |
| Pembayaran pajak penghasilan setelah dikurangi penerimaan dari tagihan pajak | (93,744,198) | (172,735,799) | *Payments for income taxes net of the receipts from claims for tax refund* |
| Pembayaran untuk beban usaha dan aktivitas operasi lainnya | (280,845,582) | (387,494,587) | *Payments for operating expenses and other operating activities* |
| Pembayaran beban keuangan | (133,191,010) | (111,457,047) | *Payments for finance cost* |
| Pembayaran kepada karyawan | (77,602,427) | (87,212,252) | *Payments to employees* |
| **Kas neto yang diperoleh dari aktivitas operasi** | **655,546,283** | **528,440,038** | ***Net cash provided by operating activities*** |
| **ARUS KAS DARI AKTIVITASI INVESTASI** | | | ***CASH FLOWS FROM INVESTING ACTIVITIES*** |
| Penerimaan dividen dari ventura bersama | 71,947,539 | 66,828,198 | *Dividends received from joint ventures* |
| Penambahan bagian pada kerjasama operasi minyak dan gas bumi atau kontrak jasa/perjanjian partisipasi | (23,796,271) | (70,890,494) | *Additions of interest in oil and gas operation or service contract/ participating interest agreement* |
| Penambahan investasi kepada entitas pengendalian bersama | (53,724,197) | - | *Additional investment in joint venture* |
| Penambahan aset tetap | (166,523,511) | (495,929,434) | *Additions to fixed assets* |
| Penambahan aset minyak dan gas | (256,514,025) | (438,047,121) | *Additions to oil and gas assets* |
| Penambahan aset eksplorasi dan evaluasi | (2,647,406) | (45,651,253) | *Addition to exploration and evaluation* |
| Penerimaan dari pelepasan investasi jangka pendek | - | 26,366,407 | *Proceeds from disposal of short-term investments* |
| Penerimaan pelunasan *promissory notes* dari ventura bersama | - | 13,714,628 | *Receipt of promissory notes settlement from joint venture* |
| Penambahan piutang lain-lain jangka panjang | (69,269,467) | (178,451,512) | *Additions to other long-term receivables* |
| **Kas neto yang digunakan untuk aktivitas investasi** | **(500,527,338)** | **(1,122,060,581)** | ***Net cash used for investing activities*** |
| **ARUS KAS DARI AKTIVITAS PENDANAAN** | | | ***CASH FLOWS FROM FINANCING ACTIVITIES*** |
| Penjualan saham treasuri | 251,054 | - | *Sales of treasury stock* |
| Penerimaan atas penyertaan saham oleh kepentingan nonpengendali entitas anak | - | 523 | *Receipts from the issuance of shares from non-controlling interest of the subsidiary* |
| Pembayaran utang derivatif | (7,028,827) | (6,330,394) | *Payments of derivative liabilities* |
| Penerimaan pinjaman | 300,000,000 | 950,000,000 | *Receipts of loans* |
| Pembayaran pinjaman jangka panjang | (121,177,638) | (80,066,273) | *Payments of long-term loans* |
| Pembayaran dividen kepada pemilik entitas induk | (166,655,213) | (268,723,467) | *Payments of dividend to owners of the parent entity* |
| **Kas neto yang diperoleh dari aktivitas pendanaan** | **5,389,376** | **594,880,389** | ***Net cash provided by financing activities*** |
| Pengaruh perubahan kurs | 8,132,391 | 3,292,475 | *Foreign exchange impact* |
| **KENAIKAN NETO KAS DAN SETARA KAS** | **168,540,712** | **4,552,321** | ***NET INCREASE IN CASH AND CASH EQUIVALENTS*** |
| **KAS DAN SETARA KAS AWAL TAHUN** | **1,135,502,538** | **1,130,950,217** | ***CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR*** |
| **KAS DAN SETARA KAS AKHIR TAHUN** | **1,304,043,250** | **1,135,502,538** | ***CASH AND CASH EQUIVALENTS AT END OF THE YEAR*** |

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
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/1 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 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.

Perubahan terakhir pada Anggaran Dasar Perusahaan berdasarkan Akta Notaris No. 23 dan 24 dari Notaris Fathiah Helmi, S.H., tanggal 6 April 2015, masing-masing terkait perubahan Anggaran Dasar Perusahaan dan perubahan susunan Dewan Komisaris. Perubahan ini telah dilaporkan dan diterima oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia masing-masing dalam Surat Penerimaan No. AHU-AH.01.03-0928400 dan No. AHU-AH.01.03-0928392 tanggal 29 April 2015.

## *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 notarized 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.*

*The latest amendment of the Company's Articles of Association was based on Notarial Deed No. 23 and 24 of Notary Fathiah Helmi, S.H., dated April 6, 2015, concerning, the changes of the Company's Articles of Association and the composition of the Boards of Commissioners of the Company. The amendments were reported to and accepted by the Ministry of Laws and Human Rights of the Republic of Indonesia in its acknowledgement Letter No. AHU-AH.01.03-0928400 and No. AHUAH.01.03-0928392 dated April 29, 2015, respectively.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/2 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/3 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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).

***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 notarized 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).*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**1. UMUM** (lanjutan)

**c. Penyelesaian laporan keuangan konsolidasian**

Laporan keuangan konsolidasian Grup telah disusun dan disetujui oleh Direksi Perusahaan pada tanggal 3 Maret 2017.

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi**

Pada tanggal 31 Desember 2016 dan 2015, persentase kepemilikan Perusahaan, baik secara langsung maupun tidak langsung dan total aset entitas anak adalah sebagai berikut:

***1. GENERAL** (continued)*

***c. Completion of the consolidated financial statements***

*The consolidated financial statements were prepared and authorized for issuance by the Company's Directors on March 3, 2017.*

***d. Subsidiaries, joint arrangements, and associate entities***

*As of December 31, 2016 and 2015, the percentage of ownership of the Company, either directly or indirectly, and total assets of the subsidiaries are as follows:*

| 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* | |
|---|---|---|---|---|---|
| | 31 Des/*Dec* 16 | 31 Des/*Dec* 15 | | 31 Des/*Dec* 16 | 31 Des/*Dec* 15 |
| **Dimiliki langsung oleh Perusahaan/ *Held directly by the Company*** | | | | | |
| PT Saka Energi Indonesia ("SEI") Eksplorasi minyak dan gas bumi/ *Exploration of oil and gas* Indonesia, 27 Juni 2011/ *June* 27, 2011 | 100.00% | 100.00% | 2013 | 2,670 | 2,364 |
| PT PGN LNG Indonesia ("PLI") Pengolahan *liquefied natural gas*/ *Processing of liquefied natural gas* Indonesia 26 Juni 2012/ *June 26, 2012* | 100.00% | 100.00% | 2014 | 419 | 427 |
| PT Permata Graha Nusantara ("PGN Property") Pengelolaan dan penyewaan gedung dan peralatan/ *Management and leasing buildings and equipment* Indonesia 17 Juni 2014/ *June* 17, 2014 | 100.00% | 100.00% | 2014 | 330 | 345 |
| PT PGAS Solution ("PGASSOL") Konstruksi /*Construction* Indonesia, 6 Agustus 2009/ *August* 6, 2009 | 99.91% | 99.91% | 2010 | 133 | 144 |
| PT Gagas Energi Indonesia ("GEI") Distribusi gas bumi/ *Distribution of natural gas* Indonesia 27 Juni 2011/ *June* 27, 2011 | 100.00% | 100.00% | 2012 | 85 | 83 |
| PT PGAS Telekomunikasi Nusantara ("PGASKOM") Telekomunikasi/ *Telecommunication*, Indonesia, 10 Januari 2007/ *January 10, 2007* | 99.93% | 99.93% | 2009 | 29 | 26 |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/5 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**1. UMUM** (lanjutan)

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi** (lanjutan)

***1. GENERAL** (continued)*

***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* | |
|---|---|---|---|---|---|
| | 31 Des/*Dec* 16 | 31 Des/*Dec* 15 | | 31 Des/*Dec* 16 | 31 Des/*Dec* 15 |
| **Dimiliki melalui PGASKOM/ *Held through PGASKOM*** | | | | | |
| PGAS Telecommunications International Pte. Ltd. ("PTI") Jasa Telekomunikasi/ *Telecommunications services* Singapura/Singapore, 24 November 2009/ *November 24, 2009* | 100.00% | 100.00% | 2010 | 4 | 5 |
| PT Telemedia Dinamika Sarana ("TDS") Jasa Telekomunikasi/ *Telecommunications services* Indonesia, 2 Oktober 2002/*October* 2, 2002 | 100.00% | 100.00% | 2013 | 2 | 1) |
| **Dimiliki melalui PGN Property/ *Held through PGN Property*** | | | | | |
| PT Kalimantan Jawa Gas ("KJG") Transmisi gas/*Gas transmission* Indonesia, 23 Juli 2013/*July 23, 2013* | 80.00% | 80.00% | 2015 | 310 | 328 |
| 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 | 2 | 1) |
| **Dimiliki melalui PGASSOL/ *Held through PGASSOL*** | | | | | |
| PT Solusi Energy Nusantara ("Sena") Enginering, konsultasi dan jasa/ *Engineering, consultancy and services*, Indonesia, 20 April 2015/*April 20, 2015* | 99.90% | 99.90% | 2016 | 2 | 1) |
| **Dimiliki melalui GEI/ *Held through GEI*** | | | | | |
| PT Widar Mandripa Nusantara ("Widar") Jasa kelistrikan/*Electricty service* Indonesia, 29 Juli 2015/*July 29, 2015* | 99.96% | 99.96% | 2) | 1) | 1) |
| **Dimiliki melalui SEI/*Held through SEI*** | | | | | |
| 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 | 917 | 988 |
| 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 | 778 | 530 |
| 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 | 255 | 276 |
| 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% | 2) | 2) | 2) |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**1. UMUM** (lanjutan)

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi** (lanjutan)

***1. GENERAL** (continued)*

***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* 31 Des/*Dec* 16 | 31 Des/*Dec* 15 | Tahun usaha komersial dimulai/*Year of commercial operations started* | Jumlah aset dalam juta sebelum jurnal eliminasi/*Total asset in million before elimination entries* 31 Des/*Dec* 16 | 31 Des/*Dec* 15 |
|---|---|---|---|---|---|
| **Dimiliki melalui SEI/*Held through SEI*** (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 | 162 | 166 |
| PT Saka Eksplorasi Baru ("SEB") Eksplorasi minyak dan gas/ *Exploration of oil and gas* Indonesia, 26 Agustus 2016/*August 26, 2016* | 100.00% | 4) | 2) | 1) | 4) |
| PT Saka Eksplorasi Timur ("SET") Eksplorasi minyak dan gas/ *Exploration of oil and gas* Indonesia, 8 September 2016/*September 8, 2016* | 100.00% | 4) | 2) | 2 | 4) |
| PT Saka Energi Asia Pte. Ltd ("SEAPL") Eksplorasi minyak dan gas/ *Exploration of oil and gas* Singapura/*Singapore* 15 Juni 2016/*June 15, 2016* | 100.00% | 4) | 2016 3a) 3b) | 208 | 4) |
| 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 | 235 | 365 |
| 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 | 33 | 54 |
| 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) | 61 | 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 | 3 |
| PT Saka Energi Investasi Eksplorasi minyak dan gas/ *Exploration of oil and gas* Indonesia, 18 Juli 2014/*July 18, 2014* | 100.00% | 2) | 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) |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/7 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**1. UMUM** (lanjutan)

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi** (lanjutan)

***1. GENERAL** (continued)*

***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* | |
|---|---|---|---|---|---|
| | 31 Des/*Dec* 16 | 31 Des/*Dec* 15 | | 31 Des/*Dec* 16 | 31 Des/*Dec* 15 |
| **Dimiliki melalui SOAHBV/ *Held through SOAHBV*** | | | | | |
| 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 | 162 | 166 |
| **Dimiliki melalui SEEPBV/ *Held through SEEPBV*** | | | | | |
| 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 | 121 | 125 |
| **Dimiliki melalui SI/*Held through SI*** | | | | | |
| PT Saka Energi Sepinggan ("SEP") Eksplorasi minyak dan gas/ *Exploration of oil and gas* Indonesia, 1 April 2015/*April 1, 2015* | 100.00% | 100.00% | 2) | 1 | 1 |
| PT Saka Eksplorasi Ventura ("SEV") Eksplorasi minyak dan gas/ *Exploration of oil and gas* Indonesia, 14 December 2016/ *December 14, 2016* | 100.00% | 4) | 2) | 1) | 4) |
| **Dimiliki melalui SBK/*Held through SBK*** | | | | | |
| Saka Energy Fasken LLC ("Fasken") Eksplorasi minyak dan gas/ *Exploration of oil and gas* Texas 2 Mei 2014/*May 2, 2014* | 100.00% | 100.00% | 2014 | 229 | 233 |
| **Dimiliki melalui SIPBV/ *Held through SIPBV*** | | | | | |
| Saka Indonesia Pangkah Limited ("SIPL") Eksplorasi minyak dan gas/ *Exploration of oil and gas* Indonesia, 5 Juli 1995/*July 5, 1995* | 100.00% | 100.00% | 2007 | 661 | 695 |
| Saka Pangkah LLC ("SPLLC") Eksplorasi minyak dan gas/ *Exploration of oil and gas* Indonesia, 12 Juli 1995/ *July 12, 1995* | 100.00% | 100.00% | 2007 | 102 | 109 |
| **Dimiliki melalui SEAPL/ *Held through SEAPL*** | | | | | |
| 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% | 4) | 2016 3b) | 54 | 4) |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/8 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**1. UMUM** (lanjutan)

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi** (lanjutan)

***1. GENERAL** (continued)*

***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* 31 Des/*Dec* 16 | 31 Des/*Dec* 15 | Tahun usaha komersial dimulai/*Year of commercial operations started* | Jumlah aset dalam juta sebelum jurnal eliminasi/*Total asset in million before elimination entries* 31 Des/*Dec* 16 | 31 Des/*Dec* 15 |
|---|---|---|---|---|---|
| **Dimiliki melalui SEAPL/ *Held through SEAPL*** (lanjutan/*continued*) | | | | | |
| 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% | 4) | 2016 3a) | 38 | 4) |
| **Dimiliki melalui SEEKPL/ *Held through SEEKPL*** | | | | | |
| 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% | 3a) | 2009 3a) | 99 | 3a) |

Keterangan:
1) Total aset di bawah 1 juta Dolar Amerika Serikat ("Dolar AS")
2) Belum beroperasi komersial
3) Diakuisisi oleh Grup pada tahun 2016
   a) 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.
   b) 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).
   c) SEW didirikan pada tanggal 14 September 2015. Pada tahun 2016, SEW telah mengakusisi 100% *participating interest* di Blok Wokam II dari Murphy Wokam Oil Company Ltd dengan total nilai akuisisi senilai USD250.000.
4) Didirikan oleh Grup pada tahun 2016

*Remarks:*
*1) The total assets is below one million United States Dollar (US Dollar)*
*2) Not yet started commercial operation.*
*3) Acquired by the Group in 2016.*
   *a) 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.*
   *b) SEAPL, through SESSPL, mengakuisisi 50% interest of Unimar LLC ("Unimar") that owned 11.5625% participating interest in Sanga-sanga Block. Refer to Note 13 point (3).*
   *c) 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.*
*4) Established by the Group in 2016.*

Grup mempunyai kerjasama operasi minyak dan gas atau kontrak jasa/perjanjian partisipasi dan pembagian ekonomi pada tanggal 31 Desember 2016 dan 2015 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, 2016 and 2015:*

| Kerjasama Operasi/ *Joint Operation* | Negara/*Country* | 31 Des/*Dec* 2016 | 31 Des/*Dec* 2015 |
|---|---|---|---|
| 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 Lematang-Petar | Indonesia | - | 5.00% |
| Blok Wokam II | Indonesia | 100.00% | - |
| Blok Sanga-sanga | Indonesia | 37.8125% | - |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/9 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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 2016 dan 2015 adalah sebagai berikut

***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, 2016 and 2015 are as follows:*

| Entitas asosiasi kedudukan dan tanggal pendirian/ *Asscociate domiciles and date of establishment* | Persentase kepemilikan/ *Percentage of ownership* 31 Des/*Dec* 16 | 31 Des/*Dec* 15 | Tahun usaha komersial dimulai/ *Year of commercial operations started* | Kegiatan usaha/ *Business activities* |
|---|---|---|---|---|
| **Ventura bersama/ *Joint ventures*** | | | | |
| 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% | - | 2001, Delaware | Eksplorasi dan produksi minyak dan gas/*Exploration and production of oil and gas* |
| **Entitas asosiasi/*Associate*** | | | | |
| 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 2016, berdasarkan Rapat Umum Pemegang Saham Tahunan yang dilaksanakan pada tanggal 8 April 2016, para pemegang saham menyetujui susunan Dewan Komisaris dan Direksi Perusahaan sebagai berikut:

***e. Boards of Commissioners, Directors and employees***

*As of December 31, 2016, based on the Annual General Meeting of Shareholders on April 8, 2016, the shareholders approved the members of the Company's Boards of Commissioners and Directors as follows:*

| **Dewan Komisaris** | | ***Board of Commissioners*** |
|---|---|---|
| Komisaris Utama | Fajar Harry Sampurno | *Chairman of the Board of Commissioners* |
| Komisaris Independen | Paiman Rahardjo | *Independent Commissioner* |
| Komisaris Independen | Kiswodarmawan | *Independent Commissioner* |
| Komisaris | Tirta Hidayat | *Commissioner* |
| Komisaris | M. Ikhsan | *Commissioner* |
| Komisaris | IGN. Wiratmaja Puja | *Commissioner* |
| **Dewan Direksi** | | ***Board of Directors*** |
| Direktur Utama | Hendi Prio Santoso | *Chairman of the Board of Directors* |
| Direktur Keuangan | Nusantara Suyono | *Director of Finance* |
| Direktur Pengusahaan | Danny Praditya | *Director of Operations* |
| Direktur Teknologi dan Pengembangan | Dilo Seno Widagdo | *Director of Technology and Development* |
| Direktur Perencanaan Investasi dan Manajemen Risiko | Muhammad Wahid Sutopo | *Director of Investment Planning and Risk Management* |
| Direktur Sumber Daya Manusia dan Umum | Hendi Kusnadi | *Director of Human Resources and General Affairs* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/10 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**1. UMUM** (lanjutan)

**e. Dewan Komisaris, Direksi dan karyawan** (lanjutan)

Per tanggal 31 Desember 2015, 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:

***1. GENERAL** (continued)*

***e. Boards of Commissioners, Directors and employees** (continued)*

*As of December 31, 2015, 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:*

| **Dewan Komisaris** | | ***Board of Commissioners*** |
|---|---|---|
| Komisaris Utama | Iman Sugema | *Chairman of the Board of Commissioners* |
| Komisaris Independen | Paiman Rahardjo | *Independent Commissioner* |
| Komisaris Independen | M. Zamkhani [1)] | *Independent Commissioner* |
| Komisaris | Tirta Hidayat | *Commissioner* |
| Komisaris | M. Ikhsan | *Commissioner* |
| Komisaris | IGN. Wiratmaja Puja | *Commissioner* |
| **Dewan Direksi** | | ***Board of Directors*** |
| Direktur Utama | Hendi Prio Santoso | *Chairman of the Board of Directors* |
| Direktur Keuangan | M. Riza Pahlevi Tabrani | *Director of Finance* |
| Direktur Pengusahaan | Jobi Triananda Hasjim | *Director of Operations* |
| Direktur Teknologi dan Pengembangan | Djoko Saputro | *Director of Technology and Development* |
| Direktur Perencanaan Investasi dan Manajemen Risiko | Muhammad Wahid Sutopo | *Director of Investment Planning and Risk Management* |
| Direktur Sumber Daya Manusia dan Umum | Hendi Kusnadi | *Director of Human Resources and General Affairs* |

1) M. Zamkhani tidak lagi menjabat sebagai komisaris sejak 14 Desember 2015 berdasarkan surat menteri BUMN No. S-895/MBU/12/2015

*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.*

Pada tanggal 31 Desember 2016, susunan Komite Audit Perusahaan adalah sebagai berikut:

*As of December 31, 2016, the members of the Company's audit committee are as follows:*

| | | |
|---|---|---|
| Ketua | Paiman Rahardjo | *Chairman* |
| Anggota | Luki Karunia | *Member* |
| Anggota | Yovita Lasti Handini | *Member* |
| Anggota | Kurnia Sari Dewi | *Member* |

Pada tanggal 31 Desember 2015, susunan Komite Audit Perusahaan adalah sebagai berikut:

*As of December 31, 2015, the members of the Company's audit committee are as follows:*

| | | |
|---|---|---|
| Ketua | Paiman Rahardjo | *Chairman* |
| Anggota | Mohamad Slamet Wibowo | *Member* |
| Anggota | Yovita Lasti Handini | *Member* |
| Anggota | Kurnia Sari Dewi | *Member* |
| Anggota | Achmad Surya Abadi | *Member* |

Pada tanggal 31 Desember 2016 dan 2015, jumlah karyawan tetap Perusahaan dan Entitas Anak masing-masing adalah 2.242 orang dan 2.262 orang (tidak diaudit).

*As of December 31, 2016 and 2015, the Company and Subsidiaries have a total of 2,242 employees and 2,262 employees, respectively (unaudited).*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/11 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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").

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 2015 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").*

*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, 2015, which conform to the Indonesian Financial Accounting Standards.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**a. Dasar penyajian laporan keuangan konsolidasian** (lanjutan)

**Perubahan pada pernyataan standar akuntansi keuangan dan interpretasi pernyataan standar akuntansi keuangan**

Penerapan standar dan interpretasi baru atau revisi berikut ini yang berlaku efektif 1 Januari 2016, tidak memberikan dampak material pada laporan keuangan konsolidasian:

- PSAK No. 4 (Revisi 2015): Laporan Keuangan Tersendiri

  Amandemen PSAK ini memperkenankan penggunaan metode ekuitas sebagai salah satu metode pencatatan investasi pada entitas anak, ventura bersama dan entitas asosiasi dalam laporan keuangan tersendiri entitas tersebut.

- PSAK No. 5 (Revisi 2015): Segmen Operasi

  Revisi PSAK ini menambahkan pengungkapan gambaran singkat segmen operasi yang telah digabungkan dan indikator ekonomik yang memiliki karakteristik yang serupa.

- PSAK No. 7 (Revisi 2015): Pengungkapan Pihak-pihak Berelasi

  Penyesuaian ini menambahkan persyaratan pihak-pihak berelasi dan mengklarifikasi pengungkapan imbalan yang dibayarkan oleh entitas manajemen.

- PSAK No. 13 (Revisi 2015): Properti Investasi

  Revisi PSAK ini memberikan klarifikasi bahwa PSAK No. 13 dan PSAK No. 22 saling mempengaruhi. PSAK No. 13 memberikan panduan untuk membedakan antara properti investasi dan properti yang digunakan sendiri. PSAK No. 22 memberikan panduan untuk menentukan apakah akuisisi properti investasi merupakan kombinasi bisnis.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***a. Basis of consolidated financial tatements** (continued)*

***Changes to the statements of financial accounting standards and interpretations of statement of financial accounting standards***

*The adoption of the following new and revised standards and interpretations effective on January 1, 2016, resulted in immaterial impact on the consolidated financial statements:*

- *SFAS No. 4 (Revised 2015): Separate Financial Statements*

  *Amendment to this SFAS allows the use of the equity method as a method of recording the investment in subsidiaries, joint ventures and associates in the separate financial statements of the entity.*

- *SFAS No. 5 (Revised 2015): Operating Segments*

  *This SFAS revision adds a short description of operating segments which has been combined and economic indicators with similar characteristics.*

- *SFAS No. 7 (Revised 2015): Related Party Disclosures*

  *This improvement provides additional requirements of related parties definition and provides clarification regarding compensation paid by management.*

- *SFAS No. 13 (Revised 2015): Investment Property*

  *This SFAS revision provides clarification that SFAS 13 and SFAS 22 influences each other. SFAS 13 provide guidance to distinguish investment property and self-used properties. SFAS 22 provide guidance to determine whether acquisition of investment property is an business combination.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/13 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**a. Dasar penyajian laporan keuangan konsolidasian** (lanjutan)

**Perubahan pada pernyataan standar akuntansi keuangan dan interpretasi pernyataan standar akuntansi keuangan** (lanjutan)

- PSAK No. 15 (Revisi 2015): Investasi pada Entitas Asosiasi dan Ventura Bersama

  Revisi PSAK ini memberikan klarifikasi tentang pengecualian konsolidasi untuk entitas investasi ketika kriteria tertentu terpenuhi.

- PSAK No. 16 (Revisi 2015): Aset Tetap

  a. Amandemen PSAK ini mengklarifikasi bahwa penggunaan metode penyusutan yang berdasarkan pada pendapatan adalah tidak tepat.

  b. Penyesuaian PSAK ini memberikan klarifikasi terkait model revaluasi, bahwa ketika entitas menggunakan model revaluasi, jumlah tercatat aset disajikan kembali pada jumlah revaluasiannya.

  Pemisahan jumlah tercatat dan akumulasi depresiasi dapat diperlakukan salah satunya sebagai berikut:

  (i) Jumlah tercatat disajikan kembali secara konsisten dengan revaluasi jumlah tercatat dan akumulasi depresiasi disesuaikan untuk menyamakan perbedaan antara jumlah tercatat sebelum dan sesudah memperhitungkan akumulasi kerugian penurunan nilai; atau

  (ii) Akumulasi depresiasi dieliminasi terhadap jumlah tercatat aset.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***a. Basis of consolidated financial statements** (continued)*

***Changes to the statements of financial accounting standards and interpretations of statement of financial accounting standards** (continued)*

- *SFAS No. 15 (Revised 2015): Investments in Associates and Joint Ventures*

  *Amendment to this SFAS provides clarification on the consolidation of the exemption for investment entities when certain criteria are met.*

- *SFAS No. 16 (Revised 2015): Fixed Assets*

  *a. Amendment to this SFAS clarifies that the use of the depreciation method based on income is inappropriate.*

  *b. This improvement SFAS provide clarification related to the revaluation model, that when an entity uses the revaluation model, the carrying amount of the asset is back to its revalued amount.*

  *The split between carrying amount and accumulated depreciation is treated in one of the following ways:*

  *(i) The carrying amount is restated in a manner consistent with the revaluation of the carrying amount and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment lossers; or*

  *(ii) The accumulated depreciation is eliminated against the gross carrying amount of the asset.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/14 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**a. Dasar penyajian laporan keuangan konsolidasian** (lanjutan)

**Perubahan pada pernyataan standar akuntansi keuangan dan interpretasi pernyataan standar akuntansi keuangan** (lanjutan)

- PSAK No. 19 (Revisi 2015): Aset Tak Berwujud

  a. Amandemen PSAK ini memberikan klarifikasi tentang anggapan bahwa pendapatan adalah dasar yang tidak tepat dalam mengukur pemakaian manfaat ekonomi aset tak berwujud dapat dibantah dalam keadaan terbatas tertentu.

  b. Penyesuaian PSAK ini memberikan klarifikasi terkait model revaluasi, bahwa ketika entitas menggunakan model revaluasi, jumlah tercatat aset disajikan kembali pada jumlah revaluasiannya.

  Pemisahan jumlah tercatat dan akumulasi depresiasi dapat diperlakukan salah satunya sebagai berikut:

  (i) Jumlah tercatat disajikan kembali secara konsisten dengan revaluasi jumlah tercatat dan akumulasi depresiasi disesuaikan untuk menyamakan perbedaan antara jumlah tercatat sebelum dan sesudah memperhitungkan akumulasi kerugian penurunan nilai; atau

  (ii) Akumulasi depresiasi dieliminasi terhadap jumlah tercatat aset.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***a. Basis of consolidated financial statements** (continued)*

***Changes to the statements of financial accounting standards and interpretations of statement of financial accounting standards** (continued)*

- *SFAS No. 19 (Revised 2015): Intangible Assets*

  *a. Amendment to this SFAS provides clarification on the assumption that revenue is not an appropriate basis to measure the economic benefit of intangible assets can be rebutted in certain limited circumstances.*

  *b. This improvement SFAS provide clarification related to the revaluation model, that when an entity uses the revaluation model, the carrying amount of the asset is back to its revalued amount.*

  *The split between carrying amount and accumulated depreciation is treated in one of the following ways:*

  *(i) The carrying amount is restated in a manner consistent with the revaluation of the carrying amount and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment lossers; or*

  *(ii) The accumulated depreciation is eliminated against the gross carrying amount of the asset.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/15 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**a. Dasar penyajian laporan keuangan konsolidasian** (lanjutan)

**Perubahan pada pernyataan standar akuntansi keuangan dan interpretasi pernyataan standar akuntansi keuangan** (lanjutan)

- PSAK No. 22 (Revisi 2015): Kombinasi Bisnis

  Amandemen PSAK ini untuk mengklarifikasi bahwa PSAK 22 tidak berlaku untuk akuntansi terhadap pembentukan pengaturan bersama dalam lingkup PSAK 66. Amandemen ini juga mengklarifikasi lingkup pengecualian hanya berlaku untuk laporan keuangan entitas pengaturan bersama itu sendiri.

  Penyesuaian PSAK ini mengklarifikasi ruang lingkup dan kewajiban untuk membayar imbalan kontinjensi yang memenuhi definisi instrumen keuangan yang diakui sebagai liabilitas keuangan atau ekuitas.

  PSAK ini juga mengakibatkan dampak penyesuaian terhadap PSAK sebagai berikut:

  a. PSAK No. 55: Instrumen Keuangan: Pengakuan dan Pengukuran.
  b. PSAK No. 57: Provisi, Liabilitas Kontinjensi dan Aset Kontinjensi.

- PSAK No. 24 (Revisi 2015): Imbalan Kerja

  Amandemen PSAK 24 ini mengklarifikasi akuntansi untuk kontribusi iuran dari pekerja atau pihak ketiga yang tidak bergantung pada jumlah tahun jasa, misalnya iuran pekerja yang dihitung berdasarkan persentase tetap dari gaji.

- PSAK No. 25 (Revisi 2015): Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan

  Revisi PSAK ini memberikan koreksi editorial tentang keterbatasan penerapan retrospektif.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***a. Basis of consolidated financial statements** (continued)*

***Changes to the statements of financial accounting standards and interpretations of statement of financial accounting standards** (continued)*

- *SFAS No. 22 (Revised 2015): Business Combination*

  *The SFAS is amended to classify that SFAS 22 does not apply to accounting for the formation of any joint arrangement under SFAS 66. The amendment also clarifies that the scope exemption applies only to the financial statements of the joint arrangement itself.*

  *This SFAS revision clarifies the scope and obligation to pay contingent consideration which meets definition of financial instruments recognised as financial liabilities or equity.*

  *This SFAS also has an impact to improvement of the following SFAS:*

  *a. SFAS No. 55: Financial Instruments: Recognition and Measurement.*
  *b. SFAS No. 57: Provisions, Contingent Liabilities and Contingent Assets.*

- *SFAS No. 24 (Revised 2015): Employee Benefits*

  *Amendment to this SFAS is to clarifiy accounting for dues contributions from employees or third parties that do not depend on the number of years of service, for example, worker contributions are calculated based on a fixed percentage of salary.*

- *SFAS No. 25 (Revised 2015): Accounting Policy, Changes of Accounting Estimates and Error*

  *This SFAS revision provides editorial corrections to the limitations of retrospective application.*

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**a. Dasar penyajian laporan keuangan konsolidasian** (lanjutan)

**Perubahan pada pernyataan standar akuntansi keuangan dan interpretasi pernyataan standar akuntansi keuangan** (lanjutan)

- PSAK No. 53 (Revisi 2015): Pembayaran Berbasis Saham

  Revisi PSAK ini mengklarifikasi definisi kondisi *vesting* dan secara terpisah mendefinisikan kondisi kinerja dan kondisi jasa.

- PSAK No. 65 (Revisi 2015): Laporan Keuangan Konsolidasian

  Amandemen PSAK ini mengklarifikasi tentang pengecualian konsolidasi untuk entitas investasi ketika kriteria tertentu terpenuhi.

- PSAK No. 66 (Revisi 2015): Pengaturan Bersama

  Amandemen PSAK ini mensyaratkan bahwa seluruh prinsip kombinasi bisnis dalam PSAK No. 22 dan PSAK lain beserta persyaratan pengungkapannya diterapkan untuk akuisisi pada kepentingan awal dalam operasi bersama dan untuk akuisisi kepentingan tambahan dalam operasi bersama, sepanjang tidak bertentangan dengan pedoman yang ada dalam PSAK No. 66.

- PSAK No. 67 (Revisi 2015): Pengungkapan Kepentingan dalam Entitas Lain

  Amandemen PSAK ini mengklarifikasi tentang pengecualian konsolidasi untuk entitas investasi ketika kriteria tertentu terpenuhi.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(continued)*

***a. Basis of consolidated financial statements*** *(continued)*

***Changes to the statements of financial accounting standards and interpretations of statement of financial accounting standards*** *(continued)*

- *SFAS No. 53 (Revised 2015): Share-based Payments*

  *This SFAS revision provides clarification for vesting condition, performing condition and service condition.*

- *SFAS No. 65 (Revised 2015): Consolidated Financial Statements*

  *Amendment to this SFAS clarifies the exemption on consolidation for investment entities when certain criterias are met.*

- *SFAS No. 66 (Revised): Joint Arrangements*

  *Amendment to this SFAS requires all the principles of business combination in SFAS No. 22 and other SFAS with other disclosure requirements is applied to initial acquisition of interests in joint operations and for additional acquisition of interests in joint operations, as long as they are not conflicted with the existing guidance in SFAS No. 66.*

- *SFAS No. 67 (Revised 2015): Disclosures of Interests in Other Entities*

  *Amendment to this SFAS clarifies exemption of consolidation for investment enitites when certain criterias are met.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/17 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**a. Dasar penyajian laporan keuangan konsolidasian** (lanjutan)

**Perubahan pada pernyataan standar akuntansi keuangan dan interpretasi pernyataan standar akuntansi keuangan** (lanjutan)

- PSAK No. 68 (Revisi 2015): Pengukuran Nilai Wajar

  Revisi PSAK ini mengklarifikasi bahwa pengecualian portofolio, yang memperkenankan Grup mengukur nilai wajar kelompok aset keuangan dan liabilitas keuangan secara neto, diterapkan pada seluruh kontrak (termasuk kontrak non-keuangan) dalam ruang lingkup PSAK No. 55.

- PSAK No. 70: Akuntansi Aset dan Liabilitas Pengampunan Pajak

  PSAK ini memberikan opsi kebijakan akuntansi bagi entitas untuk menerapkan perlakuan akuntansi atas aset dan liabilitas sesuai dengan ketentuan Undang-Undang Pengampunan Pajak berdasarkan Surat Pernyataan Harta untuk Pengampunan Pajak.

  Pilihan kebijakan akuntansi tersebut adalah:

  - Menggunakan standar akuntansi yang relevan pada Standar Akuntansi Keuangan di Indonesia (Pendekatan Umum).
  - Menggunakan ketentuan spesifik dalam PSAK No. 70 (Pendekatan Pilihan)

- ISAK No. 30: Pungutan

  ISAK ini merupakan interpretasi atas PSAK No. 57: Provisi, Liabilitas Kontinjensi dan Aset Kontinjensi yang mengklarifikasi akuntansi liabilitas untuk membayar pungutan, selain daripada pajak penghasilan yang berada dalam ruang lingkup PSAK No. 46: Pajak Penghasilan serta denda lain atas pelanggaran perundang-undangan, kepada Pemerintah.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***a. Basis of consolidated financial statements** (continued)*

***Changes to the statements of financial accounting standards and interpretations of statement of financial accounting standards** (continued)*

- *SFAS No. 68 (Revised 2015): Fair value measurement*

  *This SFAS revision clarifies that the portfolio exception, which permits entities to measure the fair value of the Group's financial assets and financial liabilities on a net basis, applied to all contracts (including non-financial contracts) within the scope of SFAS No. 55.*

- *SFAS No. 70: Accounting for Tax Amnesty Assets and Liabilities*

  *This SFAS provides accounting policy choices for an entity to apply accounting treatment for the recognition of assets and liabilities in accordance with the provision of the Tax Amnesty Law based on its Declaration Letter for Tax Amnesty.*

  *The alternative accounting options are:*

  - *To use the existing applicable standards under Indonesian Financial Accounting Standard (General Approach)*
  - *To use of the specific provision in SFAS No. 70 (Optional Approach)*

- *IFAS No. 30 (Revised 2015): Levies*

  *This IFAS represents interpretation of SFAS No. 57: Provision, Contingent Liabilities and Contingent Assets which clarifies the accounting liability to pay the levy, other than income taxes that are within the scope of SFAS No. 46: Income tax and other penalties for violations of law, to the Government.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**a. Dasar penyajian laporan keuangan konsolidasian** (lanjutan)

**Perubahan pada pernyataan standar akuntansi keuangan dan interpretasi pernyataan standar akuntansi keuangan** (lanjutan)

Standar baru, revisi dan interpretasi yang telah diterbitkan namun belum berlaku efektif pada saat ini adalah sebagai berikut:

- PSAK No. 1 (Revisi 2015): Penyajian Laporan Keuangan

  Amandemen PSAK ini memberikan klarifikasi terkait penerapan persyaratan materialitas, fleksibilitas urutan sistematis catatan atas laporan keuangan dan pengidentifikasian kebijakan akuntansi signifikan.

  PSAK No. 3: Laporan Keuangan Interim;
  PSAK No. 5: Segmen Operasi;
  PSAK No. 60: Instrumen Keuangan: Pengungkapan; dan
  PSAK No. 62: Kontrak Asuransi.

- PSAK No. 2 (Revisi 2016): Laporan Arus Kas

  Amandemen PSAK ini mensyaratkan entitas untuk menyediakan pengungkapan yang memungkinkan pengguna laporan keuangan untuk mengevaluasi perubahan pada liabilitas yang timbul dari aktivitas pendanaan, termasuk perubahan yang timbul dari arus kas maupun perubahan nonkas.

- PSAK No. 3 (Revisi 2016): Laporan Keuangan Interim

  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.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(continued)*

***a. Basis of consolidated financial statements*** *(continued)*

***Changes to the statements of financial accounting standards and interpretations of statement of financial accounting standards*** *(continued)*

*New standards, amendments and interpretations issued but not yet effective for the period are as follows:*

- *SFAS No. 1 (Revised 2015): Presentation of Financial Statements*

  *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.*

  *SFAS No. 3: Interim Financial Statements;*
  *SFAS No. 5: Operating Segments;*
  *SFAS No. 60: Financial Instruments: Disclosures; and*
  *SFAS No. 62: Insurance Contracts.*

- *SFAS No. 2 (Revised 2016): Statements of Cash Flows*

  *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.*

- *SFAS No. 3 (Revised 2016): Interim Financial Statements*

  *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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/19 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**a. Dasar penyajian laporan keuangan konsolidasian** (lanjutan)

**Perubahan pada pernyataan standar akuntansi keuangan dan interpretasi pernyataan standar akuntansi keuangan** (lanjutan)

- PSAK No. 16 (Revisi 2015): Aset Tetap, untuk paragraf yang terkait dengan aset agrikultur

  Amandemen PSAK ini mengklarifikasi bahwa aset biologis yang memenuhi definisi tanaman produktif masuk dalam ruang lingkup PSAK 16. Definisi, pengakuan dan pengukuran tanaman produktif mengikuti persyaratan yang ada dalam PSAK 16.

- PSAK No. 24 (Revisi 2016): Imbalan Kerja

  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.

- 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.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***a. Basis of consolidated financial statements** (continued)*

***Changes to the statements of financial accounting standards and interpretations of statement of financial accounting standards** (continued)*

- *SFAS No. 16 (Revised 2015): Fixed Assets, for the paragraph which relate to agriculture asset*

  *Amendment of this SFAS clarifies that biological assets that meet definition as bearer plants are within the scope of SFAS 16. Definition, recognition and measurement of bearer plants follows requirements determined by SFAS 16.*

- *SFAS No. 24 (Revised 2016): Employee Benefit*

  *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.*

- *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 utilized, the valuation deductible temporary differences would be in line with tax regulations.*

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**a. Dasar penyajian laporan keuangan konsolidasian** (lanjutan)

**Perubahan pada pernyataan standar akuntansi keuangan dan interpretasi pernyataan standar akuntansi keuangan** (lanjutan)

- PSAK No. 46 (Revisi 2016): Pajak Penghasilan (lanjutan)

  Perubahan pada PSAK ini adalah sebagai berikut: (lanjutan)

  (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. 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.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***a. Basis of consolidated financial statements** (continued)*

***Changes to the statements of financial accounting standards and interpretations of statement of financial accounting standards** (continued)*

- *SFAS No. 46 (Revised 2016): Income Taxes (continued)*

  *Amendments of this PSAK consist of the following: (continued)*

  *(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. 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 Instrument: 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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/21 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**a. Dasar penyajian laporan keuangan konsolidasian** (lanjutan)

**Perubahan pada pernyataan standar akuntansi keuangan dan interpretasi pernyataan standar akuntansi keuangan** (lanjutan)

- PSAK No. 69: Agrikultur

  PSAK 69 mengatur bahwa aset biologis atau produk agrikultur diakui saat memenuhi beberapa kriteria yang sama dengan kriteria pengakuan aset. Aset tersebut diukur pada saat pengakuan awal dan pada setiap akhir periode pelaporan keuangan pada nilai wajar dikurangi biaya untuk menjual. Selisih yang timbul dari perubahan nilai wajar aset diakui dalam laba rugi periode terjadinya. Pengecualian diberikan apabila nilai wajar secara jelas tidak dapat diukur secara andal.

  PSAK 69 memberikan pengecualian untuk aset produktif yang dikecualikan dari ruang lingkup. Pengaturan akuntansi aset produktif tersebut mengacu ke PSAK 16. PSAK 69 tidak mengatur tentang pemrosesan produk agrikultur setelah masa panen. Sebagai contoh, pemrosesan buah anggur menjadi minuman anggur dan wol menjadi benang.

- ISAK 31: Interpretasi atas Ruang Lingkup PSAK 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.

Standar-standar tersebut diatas baru berlaku efektif pada tahun buku yang dimulai pada atau setelah tanggal 1 Januari 2017 atau 2018.

Pada saat penerbitan laporan keuangan konsolidasian ini, manajemen sedang mempelajari dampak yang mungkin timbul dari penerapan standar baru dan revisi tersebut serta pengaruhnya pada laporan keuangan Grup.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***a. Basis of consolidated financial statements** (continued)*

***Changes to the statements of financial accounting standards and interpretations of statement of financial accounting standards** (continued)*

- *SFAS No. 69: Agriculture*

  *SFAS 69 regulates that biological assets and agriculture products are recognised if meets several criterias, similar with assets recognition criterias. Those assets are measured at the beginning and ending of reporting period at fair value less cost to sell. Difference incurred from the fair value changes are recognised in profit or loss. Exceptions applied if the fair value clearly cannot be measured reliably.*

  *SFAS 69 provides an exception for 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.*

- *IFAS No. 31: Interpretation on scope of SFAS 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.*

*The above standards are effective for the financial year beginning on or after January, 1 2017 or 2018.*

*As at the authorisation date of these consolidated financial statements, the management is still evaluating the potential impact of these new and revised SFAS to the financial statements of the Group.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**b. Prinsip-prinsip konsolidasi** (lanjutan)

**i. Entitas anak**

Entitas anak adalah seluruh entitas (termasuk entitas terstruktur) dimana Grup memiliki pengendalian. Grup mengendalikan entitas lain ketika Grup terekspos atas, atau memiliki hak untuk, pengembalian yang bervariasi dari keterlibatannya dengan entitas dan memiliki kemampuan untuk mempengaruhi pengembalian tersebut melalui kekuasaannya atas entitas tersebut. Entitas anak dikonsolidasikan secara penuh sejak tanggal dimana pengendalian dialihkan kepada Grup. Entitas anak tidak dikonsolidasikan lagi sejak tanggal dimana Grup kehilangan pengendalian.

Grup menerapkan metode akuisisi untuk mencatat kombinasi bisnis. Imbalan yang dialihkan untuk akuisisi suatu entitas anak adalah sebesar nilai wajar aset yang dialihkan, liabilitas yang diakui terhadap pemilik pihak yang diakusisi sebelumnya dan kepentingan ekuitas yang diterbitkan oleh Grup. Imbalan yang dialihkan termasuk nilai wajar aset atau liabilitas yang timbul dari kesepakatan imbalan kontinjensi. Aset teridentifikasi yang diperoleh dan liabilitas serta liabilitas kontinjensi yang diambil alih dalam suatu kombinasi bisnis diukur pada awalnya sebesar nilai wajar pada tanggal akuisisi.

Grup mengakui kepentingan nonpengendali pada pihak yang diakuisisi baik sebesar nilai wajar atau sebesar bagian proporsional kepentingan nonpengendali atas aset neto pihak yang diakuisisi. Kepentingan nonpengendali disajikan di ekuitas dalam laporan posisi keuangan konsolidasian, terpisah dari ekuitas pemilik entitas induk.

Biaya yang terkait dengan akuisisi dibebankan pada saat terjadinya.

Jika kombinasi bisnis diperoleh secara bertahap, nilai wajar pada tanggal akuisisi dari kepentingan ekuitas yang sebelumnya dimiliki oleh pihak pengakuisisi pada pihak yang diakuisisi diukur kembali ke nilai wajar tanggal akuisisi melalui laporan laba rugi.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***b. Principles of consolidation** (continued)*

***i. Subsidiaries***

*Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.*

*The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.*

*The Group recognises 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 entitiy.*

*Acquisition-related costs are expensed as incurred.*

*If the business combination achieved in stages, at the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/23 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**b. Prinsip-prinsip konsolidasi** (lanjutan)

**i. Entitas anak** (lanjutan)

Imbalan kontinjensi yang masih harus dialihkan oleh Grup diakui sebesar nilai wajar pada tanggal akuisisi. Perubahan selanjutnya atas nilai wajar imbalan kontinjensi yang diakui sebagai aset atau liabilitas dan dicatat sesuai dengan PSAK 55 (Revisi 2014) "Instrumen Keuangan: Pengakuan dan Pengukuran", dalam laporan laba rugi. Imbalan kontinjensi yang diklasifikasikan sebagai ekuitas tidak diukur kembali dan penyelesaian selanjutnya diperhitungkan dalam ekuitas.

Selisih lebih imbalan yang dialihkan, jumlah setiap kepentingan nonpengendali pada pihak diakuisisi dan nilai wajar pada tanggal akuisisi kepentingan ekuitas sebelumnya dimiliki oleh pihak pengakuisisi pada pihak diakuisisi atas nilai wajar aset bersih teridentifikasi yang diperoleh dicatat sebagai goodwill. Jika jumlah imbalan yang dialihkan, kepentingan nonpengendali yang diakui, dan kepentingan yang sebelumnya dimiliki pengakuisisi lebih rendah dari nilai wajar aset bersih entitas anak yang diakuisisi dalam kasus pembelian dengan diskon, selisihnya diakui dalam 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.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***b. Principles of consolidation** (continued)*

***i. Subsidiaries** (continued)*

*Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with SFAS 55 (Revised 2014) "Financial 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.*

*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, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the 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.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**b. Prinsip-prinsip konsolidasi** (lanjutan)

**ii. Perubahan kepemilikan tanpa kehilangan pengendalian**

Transaksi dengan kepentingan nonpengendali yang tidak mengakibatkan hilangnya pengendalian merupakan transaksi ekuitas. Selisih antara nilai wajar imbalan yang dibayar dan bagian yang diakuisisi atas nilai tercatat aset neto entitas anak dicatat pada ekuitas. Keuntungan atau kerugian pelepasan kepentingan nonpengendali juga dicatat pada ekuitas.

**iii. Pelepasan entitas anak**

Ketika Grup tidak lagi memiliki pengendalian atau, kepentingan yang masih tersisa atas entitas diukur kembali berdasarkan nilai wajarnya, dan perubahan nilai tercatat diakui dalam 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.

**iv. Entitas asosiasi**

Entitas asosiasi adalah seluruh entitas dimana Grup memiliki pengaruh signifikan namun bukan pengendalian, biasanya melalui kepemilikan hak suara antara 20% dan 50%. Investasi entitas asosiasi dicatat dengan metode ekuitas. Sesuai metode ekuitas, investasi pada awalnya dicatat pada biaya, dan nilai tercatat akan meningkat atau menurun untuk mengakui bagian investor atas laba rugi. Di dalam investasi Grup atas entitas asosiasi termasuk goodwill yang diidentifikasi ketika akuisisi.

Jika kepemilikan kepentingan pada entitas asosiasi berkurang, namun tetap memiliki pengaruh signifikan, hanya suatu bagian proporsional atas jumlah yang telah diakui sebelumnya pada penghasilan komprehensif lain yang direklasifikasi ke laporan laba rugi.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***b. Principles of consolidation** (continued)*

***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.*

***iii. Disposal of subsidiaries***

*When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when the control is lost, with the change in carrying amount recognised in profit or loss.The 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. Associates***

*Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method 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.*

*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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/25 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**b. Prinsip-prinsip konsolidasi** (lanjutan)

**iv. Entitas asosiasi** (lanjutan)

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. 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.

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.

Laba atau rugi yang dihasilkan dari transaksi hulu dan hilir antara Grup dengan entitas asosiasi diakui dalam laporan keuangan Grup hanya sebesar bagian investor lain dalam entitas asosiasi.

Keuntungan dan kerugian dilusi yang timbul pada investasi entitas asosiasi diakui dalam laporan laba rugi.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***b. Principles of consolidation** (continued)*

***iv. Associates** (continued)*

*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. 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.*

*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.*

*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.*

*Dilution gains and losses arising in investments in associates are recognised in profit or loss.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**b. Prinsip-prinsip konsolidasi** (lanjutan)

**v. Pengaturan bersama**

Menurut PSAK 66, pengaturan bersama diklasifikasikan sebagai operasi bersama atau ventura bersama bergantung pada hak dan kewajiban kontraktual para investor. Pada tanggal pelaporan, Grup memiliki operasi bersama dan ventura bersama.

(1) Operasi bersama

Operasi bersama adalah salah satu jenis pengaturan bersama dimana para pihak yang memiliki pengendalian bersama atas pengaturan memiliki hak atas aset, kewajiban atas liabilitas, terkait dengan pengaturan tersebut.

Grup memiliki kepemilikan dalam operasi bersama dimana Grup termasuk salah satu pihak yang memiliki pengendalian bersama (operator bersama), atau pihak yang berpartisipasi tidak memiliki pengendalian bersama atas operasi bersama tersebut.

Sehubungan dengan kepentingannya dalam operasi bersama bagian kepemilikan dalam operasi bersama, Grup mengakui:

1) Aset, mencakup bagiannya atas setiap aset uang dimiliki bersama;
2) Liabilitas, mencakup bagiannya atas liabilitas yang terjadi bersama;
3) Pendapatan dari penjualan bagiannya atas output yang dihasilkan dari operasi bersama;
4) Bagiannya atas pendapatan dari penjualan output oleh operasi bersama; dan
5) Beban, mencakup bagiannya atas setiap beban yang terjadi secara bersama-sama.

Ketika Grup melakukan transaksi dengan operasi bersama, dimana Grup merupakan salah satu operator bersama, maka Grup mengakui keuntungan dan kerugian yang dihasilkan dari transaksi tersebut hanya sebatas kepentingan para pihak lain dalam operasi bersama tersebut.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***b. Principles of consolidation** (continued)*

***v. Joint arrangements***

*Under SFAS 66 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. At the reporting date, the Group has joint operations and joint ventures.*

*(1) Joint operations*

*A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.*

*The Group has interests in several joint operation whereby the Group includes as a party which have joint control of a joint operation (joint operator), or as party that participate in, but do not have joint control of, a joint operation.*

*In relation to its interests in joint operations, the Group recognises its:*

*1) Assets, including its share of any assets held jointly;*
*2) Liabilities, including its share of any liabilities incurred jointly;*
*3) Revenue from the sale of its share of the output arising from the joint operation;*
*4) Share of the revenue from the sale of the output by the joint operation; and*
*5) Expenses, including its share of any expenses incurred jointly.*

*When the Group enters into a transaction with a joint operation in which it is a joint operator, the Group shall recognise gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**b. Prinsip-prinsip konsolidasi** (lanjutan)

**v. Pengaturan bersama** (lanjutan)

(2) Ventura bersama

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.

Keuntungan yang belum terealisasi atas transaksi antara Grup dan ventura bersama dieliminasi sebesar kepentingan Grup dalam ventura bersama. Kerugian yang belum terealisasi juga dieliminasi kecuali transaksi tersebut memberikan bukti adanya penurunan nilai aset yang dialihkan. Kebijakan akuntansi ventura bersama telah diubah jika diperlukan untuk memastikan konsistensi dari kebijakan yang diterapkan oleh Grup.

**c. Transaksi dan saldo dalam mata uang asing**

Masing-masing entitas dalam Grup mempertimbangkan indikator utama dan indikator lainnya dalam menentukan mata uang fungsionalnya. Perusahaan menentukan mata uang fungsionalnya dan mata uang Grup adalah Dolar AS dan memutuskan mata uang penyajian laporan keuangan konsolidasian menggunakan Dolar AS.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***b. Principles of consolidation** (continued)*

***v. Joint arrangements** (continued)*

*(2) Joint ventures*

*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.*

*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. Foreign currency transactions and balances***

*Each entity in the Group considers the primary indicators and other indicators in determining its functional currency. The Company determined that its and the Group's functional currency is the US Dollar and decided that the presentation currency for the consolidated financial statements is the US Dollar.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**c. Transaksi dan Saldo dalam mata uang asing** (lanjutan)

Transaksi dalam mata uang asing dicatat dalam mata uang fungsional berdasarkan nilai tukar yang berlaku pada saat transaksi dilakukan. Pada tanggal laporan posisi keuangan konsolidasian, aset dan liabilitas moneter dalam mata uang asing disesuaikan untuk mencerminkan kurs yang berlaku pada tanggal tersebut dan laba atau rugi kurs yang timbul dikreditkan atau dibebankan pada usaha periode berjalan, kecuali untuk selisih kurs yang dapat diatribusikan ke aset tertentu dikapitalisasi ke aset dalam pembangunan dan pemasangan.

Nilai tukar yang digunakan adalah sebagai berikut:

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***c. Foreign currency transactions and balances** (continued)*

*Transactions involving foreign currencies are recorded in the functional currency at the rates of exchange prevailing at the time the transactions are made. At consolidated 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 capitalized to properties under construction and installation.*

*The rates of exchange used were as follows:*

| | **31 Desember/ *December 31,* 2016** | **31 Desember/ *December 31,* 2015** | |
|---|---|---|---|
| 1 Dolar AS/Rupiah | 13,436.00 | 13,795.00 | *1 US Dollar/Rupiah* |
| 1 Dolar AS/SGD | 1.44 | 1.41 | *1 US Dollar/SGD* |
| 1 Dolar AS/JPY | 116.42 | 120.46 | *1 US Dollar/JPY* |

**d. Aset keuangan**

**1.1 Klasifikasi**

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 2016 dan 2015, Grup hanya mempunyai aset keuangan yang dikategorikan sebagai (i) pinjaman yang diberikan dan piutang, serta (ii) tersedia untuk dijual.

***d. Financial assets***

***1.1 Classification***

*The Group classifies its financial assets into the categories of (i) financial assets at fair value through profit or loss, (ii) loans and receivables, and (iii) availablefor-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, 2016 and 2015, Group only has financial assets classified as (i) loan and receivables, and (ii) available-for-sale.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/29 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**d. Aset keuangan** (lanjutan)

**1.1 Klasifikasi** (lanjutan)

(i) Pinjaman yang diberikan dan piutang

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran yang tetap atau dapat ditentukan dan tidak mempunyai kuotasi harga di pasar aktif. Pinjaman yang diberikan dan piutang dimasukkan sebagai aset lancar, kecuali jika jatuh temponya melebihi 12 bulan setelah akhir periode pelaporan. Pinjaman yang diberikan dan piutang ini dimasukkan sebagai aset tidak lancar.

Aset keuangan Grup yang dikategorikan sebagai pinjaman yang diberikan dan piutang Grup terdiri dari kas dan setara kas, piutang usaha, piutang lain-lain jangka pendek, piutang lain-lain, dan aset tidak lancar lainnya pada laporan posisi keuangan.

(ii) Aset keuangan yang tersedia untuk dijual

Aset keuangan tersedia untuk dijual adalah instrumen non-derivatif yang ditentukan pada kategori ini atau tidak diklasifikasikan pada kategori yang lain. Aset keuangan tersedia untuk dijual dimasukkan sebagai aset tidak lancar kecuali investasinya jatuh tempo atau manajemen bermaksud melepasnya dalam kurun waktu 12 bulan setelah akhir periode pelaporan.

Pada tanggal 31 Desember 2016 dan 2015, aset keuangan yang tersedia untuk dijual yang dimiliki Grup disajikan pada akun investasi jangka pendek pada laporan posisi keuangan.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***d. Financial assets** (continued)*

***1.1 Classification** (continued)*

*(i) Loans and receivables*

*Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.*

*The Group's financial assets categorised as loans and receivables comprise cash and cash equivalents, trade receivable, other receivable, short-term other receivable and other non-current assets in the statement of financial position.*

*(ii) Available-for-sale financial assets*

*Available-for-sale financial assets are non-derivative instruments that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.*

*At December 31, 2016 and 2015, the Group's available-for-sale financial assets are presented as short-term investment on the statement of financial position.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**d. Aset keuangan** (lanjutan)

**1.2 Pengakuan dan pengukuran**

Pembelian dan penjualan aset keuangan yang lazim (reguler) diakui pada tanggal perdagangan - tanggal dimana Grup berkomitmen untuk membeli atau menjual aset. Investasi pada awalnya diakui sebesar nilai wajarnya ditambah biaya transaksi untuk seluruh aset keuangan yang tidak diukur pada nilai wajar melalui 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.

Aset keuangan dihentikan pengakuannya ketika hak untuk menerima arus kas dari investasi tersebut telah jatuh tempo atau telah ditransfer dan Grup telah mentransfer secara substansial seluruh risiko dan manfaat atas kepemilikan aset.

Aset keuangan tersedia untuk dijual dan aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi selanjutnya dicatat sebesar nilai wajar.

Pinjaman yang diberikan dan piutang dicatat sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Perubahan nilai wajar efek moneter dan non-moneter yang diklasifikasikan sebagai tersedia untuk dijual diakui pada penghasilan komprehensif lain. Ketika efek diklasifikasikan sebagai tersedia untuk dijual telah dijual, akumulasi penyesuaian nilai wajar yang diakui pada ekuitas dimasukkan ke dalam laporan laba rugi sebagai "Pendapatan lain-lain" atau "Beban lain-lain".

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***d. Financial assets** (continued)*

***1.2 Recognition and measurement***

*Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus the transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.*

*Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.*

*Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.*

*Loans and receivables are carried at amortised cost using the effective interest method.*

*Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in profit or loss as "Other income" or "Other expenses".*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/31 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**d. Aset keuangan** (lanjutan)

**1.2 Pengakuan dan pengukuran** (lanjutan)

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".

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 2016 dan 2015, Grup tidak memiliki investasi pada ekuitas yang diklasifikasikan sebagai tersedia untuk dijual.

**e. Instrumen keuangan disalinghapus**

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.

**f. Instrumen keuangan derivatif**

Derivatif pada awalnya diakui sebesar nilai wajar pada tanggal kontrak derivatif disepakati dan selanjutnya diukur kembali sebesar nilai wajarnya. Metode untuk mengakui keuntungan atau kerugian yang dihasilkan tergantung apakah derivatif ditetapkan sebagai instrumen lindung nilai, dan jika demikian, sifat item yang dilindung nilai.

Keuntungan atau kerugian yang dihasilkan atas kontrak berjangka valuta asing diakui pada laba rugi sebagai penyesuaian atas laba atau rugi selisih kurs pada periode yang sama dimana kontrak berjangka valuta asing tersebut diselesaikan.

Grup tidak memiliki instrumen keuangan derivatif yang ditetapkan sebagai instrumen lindung nilai per 31 Desember 2016 dan 2015.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***d. Financial assets** (continued)*

***1.2 Recognition and measurement** (continued)*

*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".*

*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, 2016 and 2015, Group has no investment in equity classified as available-for-sale.*

***e. Offsetting financial instruments***

*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. Derivative financial instruments***

*Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item acting as the hedge.*

*Gain or loss resulted from forward foreign exchange contracts being recognised in profit or loss as adjustments of the exchange rate differences in the same period in which the forward foreign exchange contracts are settled.*

*The Group has no derivative financial instruments which designated as hedge as at December 31, 2016 and 2015.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**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.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/33 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**i. Piutang usaha dan piutang lain-lain**

Piutang usaha adalah jumlah tagihan dari pelanggan untuk barang atau jasa yang dijual atau diberikan dalam transaksi bisnis pada umumnya. Jika pembayaran piutang diharapkan selesai dalam satu tahun atau kurang (atau dalam siklus normal operasi dari bisnis jika lebih lama), 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.

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.

***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 (or in the normal operating cycle of the business if longer), 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.*

*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 agains the allowance account. Subsequent recoveries of amounts previously written off are recognised on "Other income" in profit or loss.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**j. Persediaan**

Persediaan dinyatakan sebesar nilai yang lebih rendah antara biaya perolehan dan nilai realisasi neto. Biaya perolehan ditentukan dengan metode rata-rata bergerak. Penyisihan persediaan usang dilakukan atas dasar hasil penelaahan secara periodik terhadap kondisi persediaan.

**k. Aset tetap**

Aset tetap, kecuali tanah, dinyatakan sebesar biaya perolehan dikurangi akumulasi penyusutan dan rugi penurunan nilai. Biaya perolehan termasuk biaya penggantian bagian aset tetap saat biaya tersebut terjadi, jika memenuhi kriteria pengakuan. Selanjutnya, pada saat inspeksi yang signifikan dilakukan, biaya inspeksi itu diakui ke dalam jumlah nilai tercatat aset tetap sebagai suatu penggantian jika memenuhi kriteria pengakuan. Semua biaya pemeliharaan dan perbaikan yang tidak memenuhi kriteria pengakuan diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian pada saat terjadinya.

Aset tetap, kecuali tanah, disusutkan dengan menggunakan metode garis lurus untuk bangunan dan prasarana dan metode saldo menurun ganda untuk seluruh aset tetap lainnya selama umur manfaat aset tetap yang diestimasi sebagai berikut:

| | Tahun/*Years* | Tarif/*Rates* | |
|---|---|---|---|
| Bangunan dan prasarana | 20 | 5.00% | *Buildings and improvements* |
| Mesin dan peralatan | 16 - 20 | 10.00% - 12.50% | *Machineries and equipment* |
| Kendaraan bermotor | 4 - 8 | 25.00% - 50.00% | *Vehicles* |
| Peralatan kantor | 4 - 8 | 25.00% - 50.00% | *Office equipment* |
| Peralatan dan perabot | 4 - 8 | 25.00% - 50.00% | *Furnitures and fixtures* |
| Aset belum terpasang | 16 | 12.50% | *Uninstalled assets* |

Tanah dinyatakan sebesar harga perolehan dan tidak diamortisasi karena manajemen berpendapat bahwa besar kemungkinan hak atas tanah tersebut dapat diperbaharui/diperpanjang pada saat jatuh tempo.

Biaya pengurusan legal hak atas tanah dalam bentuk Hak Guna Bangunan ("HGB") yang dikeluarkan ketika tanah diperoleh pertama kali diakui sebagai bagian dari biaya perolehan tanah pada akun "Aset Tetap" dan tidak diamortisasi. Sementara biaya pengurusan perpanjangan atau pembaruan legal hak atas tanah diakui sebagai aset tak berwujud dan diamortisasi sepanjang umur hukum hak atau umur ekonomis tanah, mana yang lebih pendek.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***j. Inventories***

*Inventories are stated at the lower of cost or net realizable value. Cost is determined using the moving-average method. Allowance for inventories obsolescence is provided based on the periodic review of the condition of the inventories.*

***k. Fixed assets***

*Fixed assets, except land, are stated at cost less accumulated depreciation and impairment losses. If the recognition criteria are met, the acquisition cost will include the cost of replacing part of the fixed assets when that cost is incurred. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognised in the consolidated statements of income and other comprehensive income as incurred.*

*Depreciation of fixed assets, except for land, is computed using the straight-line method for buildings and improvements, and the double declining balance method for other fixed assets over the estimated useful lives of the assets, as follows:*

*Land are stated at cost and not amortized as the management is of the opinion that it is probable the titles of land rights can be renewed/extended upon expiration.*

*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 amortized. Meanwhile the extension or the legal renewal costs of land rights are recognised as intangible assets and amortized over the shorter of the rights' legal life or land's economic life.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/35 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**k. Aset tetap** (lanjutan)

Jumlah tercatat aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan aset (dihitung sebagai perbedaan antara jumlah neto hasil pelepasan dan jumlah tercatat dari aset) dimasukkan dalam 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.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***k. Fixed assets** (continued)*

*An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in 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 capitalized 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.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**k. Aset tetap** (lanjutan)

Kapitalisasi biaya pinjaman dimulai pada saat aktivitas yang diperlukan untuk mempersiapkan aset agar dapat digunakan sesuai dengan maksudnya, dan pengeluaran untuk aset kualifikasian dan biaya pinjamannya telah terjadi. Kapitalisasi biaya pinjaman dihentikan pada saat selesainya secara substansi seluruh aktivitas yang diperlukan untuk mempersiapkan aset kualifikasian agar dapat digunakan sesuai dengan maksudnya.

**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.

Biaya eksplorasi dan evaluasi pada suatu *area of interest* dibebankan pada saat terjadinya, kecuali biaya tersebut dapat ditangguhkan pembebanannya apabila izin untuk melakukan eksplorasi di *area of interest* tersebut masih berlaku dan memenuhi salah satu ketentuan berikut ini:

- Kegiatan eksplorasi dan evaluasi pada tanggal laporan keuangan konsolidasian belum mencapai tahap yang dapat menentukan apakah kegiatan tersebut akan dapat dibuktikan dan dapat diperoleh kembali *(recoverable)*, serta kegiatan yang aktif dan signifikan dalam *area of interest* terkait masih berlangsung; atau

- Biaya-biaya tersebut diharapkan dapat diperoleh kembali melalui keberhasilan pengembangan dan eksploitasi *area of interest* atau melalui penjualan *area of interest.*

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***k. Fixed assets** (continued)*

*Capitalization 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. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets are completed for their intended use.*

***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 capitalized and presented as part of "Exploration and Evaluation Assets" in the consolidated statement of financial position.*

*Costs of exploration and evaluation in an area of interest are charged as incurred, unless these costs can be deferred if the permission to carry out exploration activities in the area of interest are current and meet one of the following conditions:*

- *Exploration and evaluation activities on the consolidated financial statements date has not reached a stage which can determine whether they will be proven and recoverable, also active and significant 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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/37 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**l. Aset eksplorasi dan evaluasi** (lanjutan)

Aset eksplorasi dan evaluasi yang ditangguhkan terdiri dari biaya-biaya yang terjadi setelah izin ekplorasi diperoleh dan sebelum dimulainya pengembangan *area of interest* antara lain mencakup akumulasi biaya yang terkait dengan penyelidikan umum, administrasi dan perizinan, geologi, dan geofisika.

Aset eksplorasi dan evaluasi dinilai untuk penurunannya pada saat terdapat bukti dan keadaan yang menunjukkan bahwa nilai tercatat aset tersebut mungkin melebihi jumlah yang dapat dipulihkan. Aset eksplorasi dan evaluasi direklasifikasi ke properti minyak dan gas bumi pada saat kelayakan teknis dan komersialitas dari minyak dan gas yang diekstraksi tersebut dapat dibuktikan.

**m. Properti minyak dan gas bumi**

Biaya pengeboran sumur pengembangan dan sumur tes stratigrafi tahap pengembangan, *platform*, perlengkapan sumur dan fasilitas produksi terkait, dikapitalisasi sebagai aset sumur, perlengkapan dan fasilitas dalam pengerjaan. Biaya tersebut dipindahkan ke aset sumur, perlengkapan dan fasilitas terkait pada saat pengeboran atau konstruksi selesai. Pada saat pengembangan sumur telah selesai pada lapangan tertentu, maka sumur tersebut akan ditransfer sebagai sumur produksi.

Penyusutan, deplesi dan amortisasi atas aset minyak dan gas bumi, kecuali untuk aset sumur, perlengkapan dan fasilitas dalam pengerjaan, dihitung dengan menggunakan metode satuan unit produksi, dengan menggunakan produksi kotor yang dibagi dengan cadangan kotor yang terbukti dan telah dikembangkan.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***l. Exploration and evaluation assets** (continued)*

*Exploration and evaluation costs include accumulated deferred costs associated with the general investigation, administration and lincensing, and geological and geophysical costs incurred to develop a mine prior to the commencement of commercial production.*

*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. Oil and gas properties***

*Costs of drilling development wells and development-type stratigraphic test wells, platforms, well equipment and attendant production facilities, are capitalized as uncompleted wells, equipment and facilities. Such costs are transferred to wells and related equipment and facilities upon completion. When the development well is completed on a specific field, it is transferred to the production wells.*

*Depreciation, depletion and amortisation of oil and gas properties, except uncompleted wells, equipment and facilities under construction, is calculated using the unit of production method, using gross production divided by gross proved developed reserves.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**n. Goodwill**

Goodwill yang muncul atas akuisisi entitas anak disertakan dalam aset tak berwujud.

Untuk pengujian penurunan nilai, goodwill yang diperoleh dalam kombinasi bisnis dialokasikan pada setiap unit penghasil kas, atau kelompok unit penghasil kas ("UPK"), yang diharapkan dapat memberikan manfaat dari sinergi kombinasi bisnis tersebut. Setiap unit atau kelompok unit yang memperoleh alokasi goodwill menunjukkan tingkat terendah dalam entitas yang goodwill-nya dipantau untuk tujuan internal manajemen. Goodwill dipantau pada level segmen operasi.

**o. Penurunan nilai aset nonkeuangan**

Aset yang memiliki masa manfaat yang tidak terbatas – misalnya goodwill atau aset tak berwujud yang belum siap untuk digunakan – tidak diamortisasi namun diuji penurunan nilainya setiap tahun, atau lebih sering apabila terdapat peristiwa atau perubahan pada kondisi yang mengindikasikan kemungkinan penurunan nilai. Aset yang diamortisasi diuji ketika terdapat indikasi bahwa nilai tercatatnya mungkin tidak dapat dipulihkan. Penurunan nilai diakui jika nilai tercatat aset melebihi jumlah terpulihkan. Jumlah terpulihkan adalah yang lebih tinggi antara nilai wajar aset dikurangi biaya untuk menjual dan nilai pakai aset. Dalam menentukan penurunan nilai, aset dikelompokkan pada tingkat yang paling rendah di mana terdapat arus kas yang dapat diidentifikasi (unit penghasil kas). Aset nonkeuangan selain goodwill yang mengalami penurunan nilai diuji setiap tanggal pelaporan untuk menentukan apakah terdapat kemungkinan pemulihan penurunan nilai.

Pemulihan rugi penurunan nilai, untuk aset selain goodwill, diakui jika, dan hanya jika, terdapat perubahan estimasi yang digunakan dalam menentukan jumlah terpulihkan aset sejak pengujian penurunan nilai terakhir kali. Pembalikan rugi penurunan nilai tersebut diakui segera dalam laba rugi, kecuali aset yang disajikan pada jumlah revaluasian sesuai dengan PSAK lain. Rugi penurunan nilai yang diakui atas goodwill tidak dapat dibalik kembali.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***n. Goodwill***

*Goodwill on acquisitions of subsidiaries is included in intangible assets.*

*For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.*

***o. Impairment of non-financial assets***

*Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortisation but are tested annually for impairment, or more frequent if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separatelyidentifiable 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 revalution model as required by other SFAS. Impairment losses relating to goodwill would not be reversed.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/39 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**p. Utang usaha dan utang lain-lain**

Utang usaha adalah kewajiban untuk membayar atas pembelian gas yang telah diperoleh dari pemasok. Utang lain-lain adalah kewajiban untuk membayar atas barang dan jasa selain pembelian gas yang dilakukan dalam transaksi bisnis pada umumnya. Utang usaha dan utang lain-lain diklasifikasikan sebagai liabilitas jangka pendek apabila pembayaran jatuh tempo dalam waktu satu tahun atau kurang. Jika tidak, utang usaha dan utang lain-lain tersebut disajikan sebagai liabilitas jangka panjang.

Utang usaha dan utang lain-lain pada awalnya diakui pada nilai wajar dan kemudian diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

**q. Pinjaman**

Pada saat pengakuan awal, pinjaman diakui sebesar nilai wajar, dikurangi dengan biaya-biaya transaksi yang terjadi. Selanjutnya, pinjaman diukur sebesar biaya perolehan diamortisasi; selisih antara penerimaan (dikurangi biaya transaksi) dan nilai pelunasan dicatat pada laporan laba rugi selama periode pinjaman dengan menggunakan metode bunga efektif.

Biaya yang dibayar untuk memperoleh fasilitas pinjaman diakui sebagai biaya transaksi pinjaman sepanjang besar kemungkinan sebagian atau seluruh fasilitas akan ditarik. Dalam hal ini, biaya memperoleh pinjaman ditangguhkan sampai penarikan pinjaman terjadi. Sepanjang tidak terdapat bukti bahwa besar kemungkinan sebagian atau seluruh fasilitas akan ditarik, biaya memperoleh pinjaman dikapitalisasi sebagai pembayaran di muka untuk jasa likuiditas dan di amortisasi selama periode fasilitas yang terkait.

Biaya pinjaman yang terjadi untuk konstruksi aset kualifikasian, dikapitalisasi selama periode waktu yang dibutuhkan untuk menyelesaikan konstruksi aset dan mempersiapkannya sampai dapat digunakan sesuai tujuan yang dimaksudkan atau untuk dijual. Biaya pinjaman lainnya dibebankan pada laporan laba rugi.

Pinjaman diklasifikasikan sebagai liabilitas jangka pendek kecuali Grup memiliki hak tanpa syarat untuk menunda pembayaran liabilitas selama paling tidak 12 bulan setelah tanggal pelaporan.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***p. Trade and other payables***

*Trade payables are obligations to pay gas purchase from supplier. Other payables are obligation for goods or services other than gas purchase that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as short-term liabilities if payment is due within one year or less. If not, they are presented as long-term liabilities.*

*Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.*

***q. Borrowings***

*Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.*

*Fees paid 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 drawndown. 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.*

*Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in profit or loss.*

*Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**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 capitalized 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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/41 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**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.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**s. Imbalan kerja** (lanjutan)

**ii. Imbalan pensiun dan imbalan pascakerja lainnya** (lanjutan)

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.

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.

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.

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.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***s. Employee benefits** (continued)*

***ii. Pension benefits and other postemployment benefits** (continued)*

*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.*

*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.*

*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.*

*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 direcly recognised as expenses/income on the profit or loss.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/43 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**s. Imbalan kerja** (lanjutan)

**iii. Program imbalan iuran pasti**

Grup mempunyai program asuransi pensiun untuk seluruh karyawan tetap yang memenuhi syarat. Pembayaran premi awal sekaligus dan premi periodik ditentukan berdasarkan perhitungan secara periodik yang disetujui oleh Perusahaan dan Dana Pensiun Lembaga Keuangan. Selisih antara premi pertanggungan dengan kontribusi karyawan ditanggung oleh Perusahaan.

Grup juga menyediakan tambahan tunjangan kesehatan bagi para pensiunan karyawan berdasarkan perhitungan tertentu yang disetujui oleh Perusahaan dan Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara sebagai pengelola dana.

**t. Liabilitas pembongkaran aset dan restorasi area**

Grup mengakui liabilitas pembongkaran 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.

Estimasi awal biaya pembongkaran dan pemindahan aset minyak dan gas bumi dan restorasi area aset diakui sebagai komponen biaya perolehan, yang disusutkan/dideplesikan dengan menggunakan metode satuan unit produksi yang sejalan dengan tarif deplesi aset yang dipilih.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***s. Employee benefits** (continued)*

***iii. Defined contribution benefit program***

*The Group has a retirement insurance plan covering all of its qualified permanent employees. One-time initial retirement premium and periodic premium payments are based on periodic calculations agreed between the Company and Financial Institution Pension Fund. The remaining balance of the premium is borne by the Company.*

*The Group provides additional post-retirement health care benefits to its retired employees based on certain computations agreed between the Company and Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara as the fund manager.*

***t. Asset abandonment and site restoration obligation***

*The Group recognises its obligations for future dismantlement 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.*

*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.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**t. Liabilitas pembongkaran aset dan restorasi area** (lanjutan)

Dalam banyak kasus, aktivitas pembongkaran dan pemindahan aset dan restorasi area fasilitas produksi minyak dan gas, sumur, pipa saluran dan aset terkait terjadi pada beberapa tahun di masa yang akan datang. Provisi atas liabilitas pembongkaran dan 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.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(continued)*

***t. Asset abandonment and site restoration abligation*** *(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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/45 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**u. Modal saham** (lanjutan)

Ketika entitas Grup membeli modal saham ekuitas Perusahaan (saham treasuri), imbalan yang dibayar, termasuk biaya tambahan yang secara langsung dapat diatribusikan (dikurangi pajak penghasilan) dikurangkan dari ekuitas yang diatribusikan kepada pemilik ekuitas entitas sampai saham tersebut dibatalkan atau diterbitkan kembali. Ketika saham biasa tersebut selanjutnya diterbitkan kembali, imbalan yang diterima, dikurangi biaya tambahan transaksi yang terkait dan dampak pajak penghasilan yang terkait dimasukkan pada ekuitas yang dapat diatribusikan kepada pemilik ekuitas entitas.

**v. Pendapatan dan beban**

Pendapatan Grup berasal dari kegiatan distribusi gas bumi, jasa transmisi gas bumi, penjualan minyak mentah dan gas bumi, dan jasa lainnya.

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.

Pendapatan sehubungan dengan pengoperasian aset dan jaringan pipa transmisi diakui setelah jasa diberikan, dan diukur sebesar satuan gas yang telah diangkut selama suatu periode.

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.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***u. Share capital** (continued)*

*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. Revenue and expense***

*Revenue of the Group are earned from natural gas distribution, natural gas transmission services, sale of crude oil and natural gas and other services.*

*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.*

*Revenue arising from the operation of the aset and pipeline transmission is recognised after the service is rendered and is measured based on the unit of gas which has been transported during such period.*

*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.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**v. Pendapatan dan beban** (lanjutan)

Pendapatan yang diperoleh dari PSC diakui atas dasar hak neto sesuai dengan persyaratan PSC. Selisih antara *lifting* aktual minyak mentah dan gas bumi menimbulkan piutang jika hak Grup melebihi *lifting* minyak mentah dan gas tersebut (posisi *under lifting*) dan menimbulkan utang jika *lifting* minyak mentah dan gas bumi melebihi hak Grup (posisi *over lifting*). *Volume under lifting* dan *over lifting* dinilai berdasarkan harga jual rata-rata setahun untuk minyak mentah (yaitu Indonesia *Crude Price,* ("ICP")) dan gas (yaitu harga dalam kontrak).

Pendapatan dari jasa lainnya diakui pada saat jasa diserahkan atau secara signifikan diberikan dan manfaat jasa tersebut telah dinikmati oleh pelanggan.

Beban diakui pada saat terjadinya dengan menggunakan metode akrual.

**w. Perpajakan**

Beban pajak terdiri dari pajak kini dan pajak tangguhan. Pajak diakui dalam 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.

Beban pajak kini dihitung berdasarkan peraturan perpajakan yang berlaku pada tanggal pelaporan keuangan, di negara di mana Perusahaan dan entitas anak beroperasi dan menghasilkan pendapatan kena pajak. Manajemen secara periodik mengevaluasi posisi yang dilaporkan di Surat Pemberitahuan Tahunan ("SPT") sehubungan dengan situasi di mana aturan pajak yang berlaku membutuhkan interpretasi. Jika perlu, manajemen menentukan provisi berdasarkan jumlah yang diharapkan akan dibayar kepada otoritas pajak.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***v. Revenue and expense** (continued)*

*Revenue earned under a PSC is recognised on a net of entitlements basis according to the terms of the PSC. Differences between the Group's actual liftings of crude oil and gas result in a receivable when entitlements exceed lifting of crude oil and gas (under lifting position) and in payable when lifting of crude oil and gas exceed entitlements (over lifting position). Under lifting and over lifting volumes are valued based on the annual weighted average sales price for crude oil (i.e Indonesian Crude Price ("ICP")) and gas (i.e. contract prices).*

*Revenues from other services are recognised when the services are rendered or significantly provided and the benefits have been received by the customers.*

*Expenses are recognised as incurred on an accrual basis.*

***w. Taxation***

*The tax expenses comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.*

*The current income tax charge is calculated on the basis of the tax laws enacted 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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/47 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**w. Perpajakan** (lanjutan)

Pajak penghasilan tangguhan diakui, dengan menggunakan metode *balance sheet liability* untuk semua perbedaan temporer antara dasar pengenaan pajak atas aset dan liabilitas dengan nilai tercatatnya pada laporan keuangan konsolidasian. Namun, liabilitas pajak penghasilan tangguhan tidak diakui jika berasal dari pengakuan awal goodwill atau pada saat pengakuan awal aset dan liabilitas yang timbul dari transaksi selain kombinasi bisnis yang pada saat transaksi tersebut tidak mempengaruhi laba rugi akuntansi dan laba rugi kena pajak. Pajak penghasilan tangguhan ditentukan dengan menggunakan tarif pajak yang telah berlaku atau secara substantif telah berlaku pada akhir periode pelaporan dan diharapkan diterapkan ketika aset pajak penghasilan tangguhan direalisasi atau liabilitas pajak penghasilan tangguhan diselesaikan.

Aset pajak penghasilan tangguhan diakui hanya jika besar kemungkinan jumlah penghasilan kena pajak di masa depan akan memadai untuk dikompensasi dengan perbedaan temporer yang masih dapat dimanfaatkan.

Atas perbedaan temporer dalam investasi pada entitas anak dibentuk pajak penghasilan tangguhan, kecuali untuk liabilitas pajak penghasilan tangguhan dimana saat pembalikan perbedaan sementara dikendalikan oleh Grup dan sangat mungkin perbedaan temporer tersebut tidak akan dibalik di masa mendatang.

Aset dan liabilitas pajak penghasilan tangguhan dapat saling hapus apabila terdapat hak yang berkekuatan hukum untuk melakukan saling hapus antara aset pajak kini dengan liabilitas pajak kini dan apabila aset dan liabilitas pajak penghasilan tangguhan dikenakan oleh otoritas perpajakan yang sama, baik atas entitas kena pajak yang sama ataupun berbeda dan adanya niat untuk melakukan penyelesaian saldo-saldo tersebut secara neto.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***w. Taxation** (continued)*

*Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated 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.*

*Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.*

*Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.*

*Deferred income tax assets and liabilities are offset when there are legally-enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entities where there is an intention to settle the balances on a net basis.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**w. Perpajakan** (lanjutan)

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".

Entitas anak yang terlibat dalam kegiatan eksplorasi dan produksi minyak dan gas bumi di Indonesia dikenai tarif pajak penghasilan badan sebesar 44% sampai 48% dan di luar Indonesia dikenai tarif pajak penghasilan badan sebesar 35%. Perusahaan dikenai tarif pajak penghasilan badan sebesar 20% karena lebih dari 40% modal saham Perusahaan terdaftar di Bursa Efek Indonesia.

**x. Laba bersih per saham**

Laba bersih per saham dihitung dengan membagi laba bersih yang tersedia bagi pemegang saham Grup dengan rata-rata tertimbang jumlah saham biasa yang beredar pada tahun yang bersangkutan.

Pada tanggal 31 Desember 2016 dan 2015, tidak ada efek yang berpotensi menjadi saham biasa. Oleh karena itu, laba per saham dilusian sama dengan laba per saham dasar.

**y. Dividen**

Pembagian dividen kepada pemegang saham Grup diakui sebagai liabilitas dalam laporan keuangan konsolidasian Grup dalam periode dimana pembagian dividen diumumkan.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***w. Taxation** (continued)*

*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".*

*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. Earnings per share***

*Basic earnings per share are calculated by dividing net income by the weighted average number of ordinary shares outstanding during the year.*

*As at December 31, 2016 and 2015, there were no existing instruments which could result in the issue of further ordinary shares. Therefore, diluted earning per share is equivalent to basic earning per share.*

***y. Dividend***

*Dividends distributed to the Group's shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are declared.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/49 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN** (lanjutan)

**z. Segmen operasi**

Sebuah segmen operasi adalah sebuah komponen dari perusahaan yang:

a. Terlibat dalam aktivitas bisnis yang mana memperoleh pendapatan dan menimbulkan beban (termasuk pendapatan dan beban terkait dengan transaksi dengan komponen lain dari entitas yang sama);

b. Hasil operasinya dikaji ulang secara reguler oleh pengambil keputusan operasional untuk membuat keputusan tentang sumber daya yang dialokasikan pada segmen tersebut dan menilai kinerjanya; dan
c. Tersedia informasi keuangan yang dapat dipisahkan.

Grup melakukan segmentasi pelaporan berdasarkan informasi keuangan yang digunakan oleh pengambil keputusan operasi utama dalam mengevaluasi kinerja segmen dan menentukan alokasi sumber daya yang dimilikinya. Dewan Direksi adalah pengambil keputusan operasional Grup. Segmentasi berdasarkan jenis produk. Seluruh transaksi antar segmen telah dieliminasi.

**aa. Transaksi dengan Pihak Berelasi**

Grup mempunyai transaksi dengan pihak berelasi sebagaimana didefinisikan pada PSAK No. 7 (Revisi 2015).

Saldo dan transaksi yang material antara Grup dengan Pemerintah Negara Republik Indonesia dan entitas berelasi dengan Pemerintah diungkapkan dalam catatan atas laporan keuangan konsolidasian yang relevan. Grup memilih untuk mengungkapkan transaksi dengan entitas berelasi dengan Pemerintah dengan menggunakan pengecualian dari persyaratan pengungkapan pihak berelasi.

***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*

***z. Operating segment***

*An operating segment is a component of an entity:*

*a. That engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses related to transactions between different components within the same entity);*
*b. Whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and to assess its performance; and*
*c. For which discrete financial information is available.*

*The Group segments its financial reporting based on the financial information used by the chief operating decision-maker in evaluating the performance of segments and in the allocation of resources. 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. Transactions with Related Parties***

*The Group has transactions with related parties as defined in SFAS No. 7 (Revised 2015).*

*Significant transactions and balances of the Group with the Government of the Republic of Indonesia and Government-related entities are disclosed in the relevant notes to the consolidated financial statements. The Group elected to disclose the transactions with Government-related entities, using the exemption from general related party disclosure requirements.*

**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 didepresiasikan. 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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/51 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN** (lanjutan)

**Pertimbangan penting dalam penentuan kebijakan akuntansi entitas** (lanjutan)

**b. Pengaturan bersama** (lanjutan)

Pertimbangan diperlukan untuk menentukan kapan Grup memiliki pengendalian bersama terhadap sebuah pengaturan, yang memerlukan penilaian dari aktivitas yang relevan dan apabila keputusan sehubungan dengan aktivitas tersebut mengharuskan persetujuan dengan suara bulat.

Grup menetapkan bahwa aktivitas relevan bagi Grup untuk pengaturan bersama adalah aktivitas yang berhubungan dengan keputusan keuangan, operasional dan modal dari pengaturan tersebut.

Pertimbangan juga diperlukan untuk menentukan klasifikasi suatu pengaturan bersama. Pengklasifikasian tersebut mengharuskan Grup menilai hak dan kewajibannya yang timbul dari pengaturan bersama. Secara khusus, Grup mempertimbangkan:

(1) Apakah pengaturan bersama dibentuk melalui entitas terpisah

(2) Ketika pengaturan bersama dibentuk melalui entitas terpisah, Grup juga mempertimbangkan hak dan kewajiban para pihak yang timbul dari:
- Bentuk hukum dari entitas terpisah
- Persyaratan pengaturan kontraktual
- Fakta dan keadaan lainnya, jika relevan.

Penilaian tersebut sering memerlukan pertimbangan yang signifikan. Kesimpulan yang berbeda baik atas kesimpulan mengenai pengendalian bersama dan apakah suatu pengaturan adalah sebuah operasi bersama atau ventura bersama, dapat secara material mempengaruhi perlakuan akuntansinya.

**c. Sewa**

Grup mengadakan perjanjian sewa di mana Grup bertindak sebagai *lessee* atau *lessor*. Grup mengevaluasi apakah secara substansial risiko dan manfaat yang terkait dengan kepemilikan aset beralih kepada Grup berdasarkan PSAK No. 30 (Revisi 2011), "Sewa", yang mensyaratkan Grup membuat pertimbangan dan estimasi dari pengalihan risiko dan manfaat terkait dengan aset yang disewa.

***3. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTION** (continued)*

***Critical judgements in applying the entity's accounting policies** (continued)*

***b. Joint arrangements** (continued)*

*Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent.*

*The Group has determined that the relevant activities for its joint arrangements are those relating to the financial, operating and capital decisions of the arrangement.*

*Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess its rights and obligations arising from the arrangement. Specifically, the Group considers:*

*(1) Whether the joint arrangement is structured through a separate enitty*

*(2) When the arrangement is structured through a separate entity, the Group also considers the rights and obligations arising from:*
- *The legal form of the separate entity*
- *The terms of the contractual arrangement*
- *Other relevant facts and circumstances.*

*This assessment often requires significant judgement. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.*

***c. Lease***

*The Group has entered into lease arrangement in which the Group is a lessee or lessor. The Group evaluates whether all of the risks and rewards incidental to ownership are substantially transferred to the Group based on SFAS No. 30 (Revised 2011), "Leases" which requires the Group to make judgments and estimates of transfer of risks and rewards of the leased assets.*

**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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/53 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN** (lanjutan)

**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.

***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 utilization 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.*

**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 aktuaria 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.

***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 capitalized the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalized 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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/55 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN** (lanjutan)

**Estimasi dan asumsi akuntansi yang penting** (lanjutan)

**c. Imbalan kerja** (lanjutan)

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 mengggunakan 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.

Untuk kenaikan gaji masa depan, Grup mengumpulkan data historis mengenai perubahan gaji dasar pekerja dan menyesuaikannya dengan perencanaan bisnis masa depan.

Asumsi kunci lainnya untuk kewajiban pensiun dan imbalan jangka panjang lainnya didasarkan 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.

***3. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTION*** *(continued)*

***Critical accounting estimates and assumptions*** *(continued)*

***c. Employee benefits*** *(continued)*

*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.*

*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.*

**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN** (lanjutan)

**Estimasi dan asumsi akuntansi yang penting** (lanjutan)

**e. Pajak penghasilan**

Pertimbangan dan asumsi dibutuhkan dalam menentukan penyisihan modal dan pengurangan beban tertentu selama estimasi provisi pajak penghasilan untuk setiap perusahaan dalam Grup. Banyaknya transaksi dan perhitungan yang dapat menyebabkan ketidakpastian di dalam penentuan kewajiban pajak. Apabila terdapat perbedaan perhitungan pajak dengan jumlah yang telah dicatat, perbedaan tersebut akan berdampak pada pajak penghasilan dan pajak tangguhan dalam periode di mana penentuan pajak tersebut dibuat.

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.

**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.

***3. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTION*** *(continued)*

***Critical accounting estimates and assumptions*** *(continued)*

***e. Income taxes***

*Judgements and assumptions are required in determining capital allowances and the deductibility of certain expenses during the estimation of the provision for income taxes for the Group. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences will have an impact on the income tax and deferred income tax provision in the period in which the determination is made.*

*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.*

***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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN** (lanjutan)

**Estimasi dan asumsi akuntansi yang penting** (lanjutan)

**f. Penurunan nilai aset keuangan** (lanjutan)

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.

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.

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.

***3. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTION** (continued)*

***Critical accounting estimates and assumptions** (continued)*

***f. Impairment of financial assets** (continued)*

*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 measurred at the higher of fair value less costs to sell and value in use.*

*Assets that have an indefinite useful-life for example, goodwill or intangible assets not ready to use - are not subject to amortization and are tested annualy for impairment.*

*Proven oil and gas properties are reviewed for impairment losses whenever events or changes in circumtances 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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN** (lanjutan)

**Estimasi dan asumsi akuntansi yang penting** (lanjutan)

**g. Penurunan nilai aset nonkeuangan** (lanjutan)

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 tecatat aset mungkin akan mengalami penurunan nilai lebih lanjut atau terjadi pengurangan rugi penurunan nilai yang dampaknya akan dicatat dalam laporan laba-rugi.

**h. Estimasi cadangan**

Nilai tercatat untuk deplesi, penyusutan dan untuk amortisasi beserta pemulihan nilai tercatat aset minyak dan gas, yang digunakan untuk memproduksi minyak dan gas tergantung pada estimasi cadangan minyak dan gas. Faktor utama yang mempengaruhi estimasi tersebut adalah penilaian teknis atas kuantitas produksi cadangan minyak dan gas yang ada dan kendala ekonomis seperti ketersediaan pasar komersial atas produksi minyak dan gas bumi maupun asumsi yang terkait dengan antisipasi harga komoditas dan biaya pengembangan dan produksi cadangan tersebut.

Asumsi ekonomi yang digunakan untuk memperkirakan cadangan berubah dari waktu ke waktu dan data geologi bertambah selama masa operasi, oleh karena itu perkiraan cadangan dapat berubah dari waktu ke waktu. Perubahan cadangan yang dilaporkan dapat mempengaruhi hasil dan posisi keuangan Grup dalam berbagai cara diantaranya:

- Nilai tercatat aset dapat terpengaruh akibat perubahan estimasi arus kas masa depan.
- Penyusutan dan amortisasi yang dibebankan ke dalam 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.

***3. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTION** (continued)*

***Critical accounting estimates and assumptions** (continued)*

***g. Impairment of non-financial assets** (continued)*

*The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves (see "Reserve Estimates" below), operating costs, decommissioning and site restoration cost, and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumtances will alter these projections, which may impact the recoverable amount of the assets. In such circumtances, 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. Reserve estimates***

*The amounts recorded for depletion, depreciation and amortization as well as the recovery of the carrying value of oil and gas properties involving production of oil and gas reserves depends on estimated reserves of oil and gas. The primary factors affecting these estimates are technical engineering assessments of producible quantities of oil and gas reserves in place and economic constraints such as the availability of commercial markets for oil and gas production as well as assumptions related to anticipated commodity prices and the costs of development and production of the reserves.*

*The economic assumptions used to estimate reserves change from period to period, and additional geological data is generated during the course of operations, therefore estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:*

- *Asset carrying values may be affected due to changes in estimated future cash flows.*
- *Depreciation and amortization 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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/59 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN** (lanjutan)

**Estimasi dan asumsi akuntansi yang penting** (lanjutan)

**h. Estimasi cadangan** (lanjutan)

- 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)*

- *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).*

**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 USD30.000.000, apabila harga aktual minyak melebihi proyeksi harga minyak per *Brent* selama periode tiga tahun dari 2016-2019 dan Grup mendapatkan perpanjangan PSC Sanga Sanga di tahun 2018. Nilai wajar kesepakatan imbalan kontinjensi pada tanggal akuisisi adalah sebesar USD1.874.918. Grup telah menempatkan jaminan bank sebesar USD12.000.000 melalui PT Bank Sumitomo Mitsui Indonesia dan membayarkan *Refundable Security Deposit* sebesar USD30.000.000 kepada pemilik lama BPEK dan Unimar.

***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 requires the Group to pay in cash to the former owners of BPEK and Unimar amounting to USD30,000,000 when actual oil price exceeds the Brent forward price for three years from 2016-2019 and the group obtain an extension of Sanga Sanga PSC in 2018. The fair value of the contingent consideration arrangement as of the acquisition was amounting to USD1,874,918. Group has placed a bank guarantee in amount of USD12,000,000 at PT Bank Sumitomo Mitsui Indonesia and has paid Refundable Security Deposits amounted USD30,000,000 to the former owners of BPEK and Unimar.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**4. AKUISISI** (lanjutan)

**a. Akuisisi SESL (dahulu British Petroleum East Kalimantan Pte. Ltd, ("BPEK"))** (lanjutan)

Berdasarkan standar akuntansi keuangan yang berlaku, nilai wajar dari aset yang diperoleh dan liabilitas yang diambil dapat disesuaikan dalam waktu dua belas bulan setelah tanggal akuisisi.

Tabel berikut merangkum harga perolehan akuisisi SESL, serta jumlah aset yang diperoleh dan liabilitas yang diambil alih pada tanggal akuisisi.

***4. ACQUISITION** (continued)*

***a. Acquisition of SESL (formerly British Petroleum East Kalimantan Pte. Ltd., ("BPEK"))** (continued)*

*In accordance with the relevant accounting standard, fair value of assets acquired and liabilities assumed, may be adjusted within twelve months after acquisition date.*

*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.*

| | **17 November/ *November* 2016** | |
|---|---|---|
| Imbalan pembelian yang dialihkan | | *Purchase consideration transferred* |
| - Kas yang dibayar | 35,725,082 | *Cash paid -* |
| - Imbalan kontinjensi | 1,874,918 | *Contingent consideration -* |
| Jumlah imbalan yang dialihkan | 37,600,000 | *Total consideration transferred* |
| Jumlah aset dan liabilitas yang diakui: | | *Recognised amount of assets and liabilities:* |
| Kas dan setara kas | 11,928,811 | *Cash and cash equivalents* |
| Piutang usaha | 31,763,666 | *Trade receivables* |
| Piutang lain-lain | 553,477 | *Other receivables* |
| Persediaan | 17,497,393 | *Inventories* |
| Beban dibayar dimuka | 21,320,848 | *Prepaid expenses* |
| Properti minyak dan gas | 35,100,000 | *Oil and gas properties* |
| Utang lain-lain | (16,495,093) | *Other payables* |
| Liabilitas yang masih harus dibayar | (14,574,150) | *Accrued expenses* |
| Utang pajak | (21,105,752) | *Taxes payable* |
| Liabilitas imbalan pascakerja | (2,479,761) | *Post-employment benefit obligation* |
| Liabilitas pajak tangguhan | (10,396,070) | *Deferred tax liabilities* |
| Provisi lain-lain | (8,270,000) | *Other provisions* |
| Nilai wajar aset neto teridentifikasi | 44,843,369 | *Total identifiable net assets at fair values* |
| Keuntungan pembelian dengan diskon | (7,243,369) | *Gain on bargain purchase* |

Tabel berikut ini merupakan rekonsiliasi arus kas yang dibayarkan dan diperoleh atas akuisisi SESL.

*The following table is the reconciliation of cash paid and acquired from the acquisition of SESL.*

| | **17 November/ *November* 2016** | |
|---|---|---|
| Imbalan kas yang dibayar | 35,725,082 | *Cash consideration paid* |
| Dikurangi saldo kas yang diperoleh: | | *Less balance of cash acquired:* |
| - Kas dan setara kas | (11,928,811) | *Cash and cash equivalents –* |
| Arus kas keluar untuk kombinasi bisnis | 23,796,271 | *Cash outflow used for business combination* |

Biaya terkait akuisisi telah dibebankan pada beban administrasi dan umum pada laporan laba rugi untuk tahun yang berakhir pada 31 Desember 2016.

*Acquisition related costs have been charged to general and administrative expenses in profit or loss for the year ended December 31, 2016.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/61 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**4. AKUISISI** (lanjutan)

**a. Akuisisi SESL (dahulu British Petroleum East Kalimantan Pte. Ltd, ("BPEK"))** (lanjutan)

Dari seluruh nilai piutang usaha dan piutang lain-lain senilai USD32.317.143 dinilai oleh manajemen sebagai piutang tertagih.

Pendapatan dan rugi SESL yang termasuk dalam laporan laba rugi sejak 17 November 2016 masing-masing sebesar USD9.770.067 dan USD4.868.995

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.

**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.

***4. ACQUISITION** (continued)*

***a. Acquisition of SESL (formerly British Petroleum East Kalimantan Pte. Ltd., ("BPEK"))** (continued)*

*From total trade and other receivables amounting to USD32,317,143, are considered by management as collectible receivables.*

*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*

*Had SESL been consolidated from January 1, 2016, profit or loss would have shown proforma loss 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.*

***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 SIPBVsip and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.*

| | **26 Juni/ *June* 2013** | |
|---|---|---|
| Imbalan pembelian yang dialihkan | 259,851,818 | *Purchase consideration transferred* |
| Jumlah aset dan liabilitas yang diakui: | | *Recognised amount of assets and liabilities:* |
| Kas dan setara kas | 23,587 | *Cash and cash equivalents* |
| Piutang lain-lain | 25,318,546 | *Other receivables* |
| Persediaan | 7,577,980 | *Inventories* |
| Beban dibayar dimuka | 4,810,491 | *Prepaid expenses* |
| Uang muka pajak | 11,921,146 | *Prepaid taxes* |
| Properti minyak dan gas | 243,256,222 | *Oil and gas properties* |
| Goodwill | 35,533,125 | *Goodwill* |
| Utang lain-lain | (29,034,949) | *Other payables* |
| Liabilitas imbalan pascakerja | (1,238,787) | *Post-employment benefit obligation* |
| Utang kepada pihak berelasi | (8,459,834) | *Loan to related parties* |
| Liabilitas pajak tangguhan | (12,605,626) | *Deferred tax liabilities* |
| Liabilitas pembongkaran aset dan restorasi area | (17,250,083) | *Asset abandonment and restoration obligations* |
| Nilai wajar aset neto teridentifikasi | 259,851,818 | *Total identifiable net assets at fair values* |

**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.*

| | **10 Januari/ *January* 2014** | |
|---|---|---|
| Imbalan pembelian yang dialihkan | 564,763,242 | *Purchase consideration transferred* |
| Jumlah aset dan liabilitas yang diakui: | | *Recognised amount of assets and liabilities:* |
| Kas dan setara kas | 19,416,567 | *Cash and cash equivalents* |
| Piutang | 49,081,311 | *Receivables* |
| Persediaan | 16,759,843 | *Inventories* |
| Properti minyak dan gas | 587,602,431 | *Oil and gas properties* |
| Aset lain-lain | 20,766,211 | *Other assets* |
| Goodwill | 39,341,881 | *Goodwill* |
| Utang usaha | (11,025,387) | *Trade payables* |
| Utang lain-lain | (5,597,872) | *Other payables* |
| Utang pajak | (38,666,939) | *Tax payables* |
| Liabilitas imbalan pascakerja | (6,286,448) | *Post-employment benefits obligation* |
| Liabilitas yang masih harus dibayar | (54,937,250) | *Accrued liabilities* |
| Liabilitas pajak tangguhan | (20,433,594) | *Deferred tax liabilities* |
| Liabilitas pembongkaran aset dan restorasi area | (31,257,512) | *Asset abandonment and restoration obligations* |
| Nilai wajar aset neto teridentifikasi | 564,763,242 | *Total identifiable net assets at fair values* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/63 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**4. AKUISISI** (lanjutan)

**d. Akuisisi SPLLC (dahulu 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.

Tabel berikut merangkum harga perolehan akuisisi SPLLC dan jumlah aset yang diperoleh dan liabilitas yang diambil alih pada tanggal akuisisi.

***4. ACQUISITION** (continued)*

***d. Acquisition of SPLLC (formerly Hess Pangkah LLC, "HPLLC)***

*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.*

*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.*

| | **10 Januari/ *January* 2014** | |
|---|---|---|
| Imbalan pembelian yang dialihkan | 89,501,000 | *Purchase consideration transferred* |
| Jumlah aset dan liabilitas yang diakui: | | *Recognised amount of assets and liabilities:* |
| Kas dan setara kas | 950,648 | *Cash and cash equivalents* |
| Piutang | 4,390,062 | *Receivables* |
| Persediaan | 2,652,939 | *Inventories* |
| Beban dibayar di muka | 122,180 | *Prepaid expenses* |
| Properti minyak dan gas | 90,400,374 | *Oil and gas properties* |
| Goodwill | 13,128,019 | *Goodwill* |
| Utang usaha | (1,306,286) | *Trade payables* |
| Utang pajak | (5,880,879) | *Tax payables* |
| Liabilitas imbalan pascakerja | (628,645) | *Post-employment benefits obligation* |
| Liabilitas yang masih harus dibayar | (8,495,588) | *Accrued liabilities* |
| Liabilitas pajak tangguhan | (1,022,976) | *Deferred tax liability* |
| Liabilitas pembongkaran aset dan restorasi area | (4,808,848) | *Asset abandonment and restoration obligations* |
| Nilai wajar aset neto teridentifikasi | 89,501,000 | *Total identifiable net assets at fair values* |

**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.*

| | **23 Oktober/ *October* 2014** | |
|---|---|---|
| Imbalan pembelian yang dialihkan | 40,403,000 | *Purchase consideration transferred* |
| Jumlah aset dan liabilitas yang diakui: | | *Recognised amount of assets and liabilities:* |
| Piutang dan aset lain | 316,378 | *Receivables and other assets* |
| Persediaan | 235,624 | *Inventories* |
| Uang muka pajak | 6,729,357 | *Prepaid taxes* |
| Properti minyak dan gas | 101,051,000 | *Oil and gas properties* |
| Utang usaha dan utang lain-lain | (55,763,801) | *Trade and other payables* |
| Liabilitas pajak tangguhan | (1,184,830) | *Deferred tax liability* |
| Liabilitas pembongkaran aset dan restorasi area | (5,376,413) | *Asset abandonment and restoration obligations* |
| Nilai wajar aset neto teridentifikasi | 46,007,315 | *Total identifiable net assets at fair values* |
| Keuntungan dari pembelian dengan diskon | (5,604,315) | *Gain on bargain purchase* |

**5. KAS DAN SETARA KAS**

***5. CASH AND CASH EQUIVALENTS***

| | **31 Desember/ *December* 2016** | **31 Desember/ *December* 2015** | |
|---|---|---|---|
| Kas kecil (2016: Rp 1.029.493.192; 2015: Rp 3.935.892.508) | 76,622 | 285,313 | *Cash on hand (2016: Rp 1,029,493,192; 2015: Rp 3,935,892,508)* |
| Kas pada bank | | | *Cash in banks* |
| Dolar AS | | | *US Dollar* |
| **Pihak berelasi** | | | ***Related parties*** |
| PT Bank Mandiri (Persero) Tbk ("Bank Mandiri") | 334,368,179 | 249,526,631 | *PT Bank Mandiri (Persero) Tbk ("Bank Mandiri")* |
| PT Bank Negara Indonesia (Persero) Tbk ("BNI") | 295,220,455 | 111,130,821 | *PT Bank Negara Indonesia (Persero) Tbk ("BNI")* |
| PT Bank Rakyat Indonesia (Persero) Tbk ("BRI") | 159,756,019 | 60,940,621 | *PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")* |
| | 789,344,653 | 421,598,073 | |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/65 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**5. KAS DAN SETARA KAS** (lanjutan) / ***5. CASH AND CASH EQUIVALENTS** (continued)*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Bank (lanjutan) | | | *Cash in banks (continued)* |
| Dolar AS (lanjutan) | | | *US Dollar (continued)* |
| **Pihak ketiga** | | | ***Third parties*** |
| PT Bank Sumitomo Mitsui Indonesia | 41,164,876 | 536 | *PT Bank Sumitomo Mitsui Indonesia* |
| Citibank N.A,. Jakarta | 24,149,232 | 54,822 | *Citibank N.A., Jakarta* |
| JP Morgan Chase, Texas | 3,367,425 | - | *JP Morgan Chase, Texas* |
| PT Bank DBS Indonesia | 2,014,777 | - | *PT Bank DBS Indonesia* |
| PT Bank ANZ Indonesia | 30,422 | 48,988 | *PT Bank ANZ Indonesia* |
| PT Bank Mizuho Indonesia | 879 | 885 | *PT Bank Mizuho Indonesia* |
| | 70,727,611 | 105,231 | |
| Rupiah | | | *Rupiah* |
| **Pihak berelasi** | | | ***Related parties*** |
| Bank Mandiri (2016: Rp 776.027.700.856; 2015: Rp 707.856.509.318) | 57,757,346 | 51,312,540 | *Bank Mandiri (2016: Rp 776,027,700,856; 2015: Rp 707,856,509,318)* |
| BNI (2016: Rp 234.538.614.460; 2015: Rp 300.560.561.129) | 17,455,985 | 21,787,645 | *BNI (2016: Rp 234,538,614,460; 2015: Rp 300,560,561,129)* |
| BRI (2016: Rp 139.581.081.804; 2015: Rp 225.688.607.673) | 10,388,589 | 16,360,175 | *BRI (2016: Rp 139,581,081,804; 2015: Rp 225,688,607,673)* |
| PT Bank Tabungan Negara (Persero) Tbk ("BTN") (2016: Rp 10.127.398.436; 2015: Rp 6.344.353.063) | 753,751 | 459,902 | *PT Bank Tabungan Negara (Persero) Tbk ("BTN") (2016: Rp 10,127,398,436; 2015: Rp 6,344,353,063)* |
| PT Bank Mandiri Syariah (2016: Rp nihil 2015: Rp 731.166.052) | - | 53,002 | *PT Bank Mandiri Syariah (2016 Rp nil; 2015: Rp 731,166,052)* |
| | 86,355,671 | 89,973,264 | |
| **Pihak ketiga** | | | ***Third parties*** |
| PT Bank Central Asia Tbk (2016: Rp 17.875.281.272; 2015: Rp 9.706.133.685) | 1,330,402 | 703,598 | *PT Bank Central Asia Tbk (2016: Rp 17,875,281,272; 2015: Rp 9,706,133,685)* |
| PT Bank CIMB Niaga Tbk (2016: Rp nihil 2015: Rp 791.241.491) | - | 57,357 | *PT Bank CIMB Niaga Tbk (2016: Rp nil 2015: Rp 791,241,491)* |
| | 1,330,402 | 760,955 | |
| Yen Jepang | | | *Japanese Yen* |
| **Pihak berelasi** | | | ***Related parties*** |
| Bank Mandiri (2016: JPY116.465.008; 2015: JPY335.453.870) | 1,000,043 | 2,784,789 | *Bank Mandiri (2016: JPY116,465,008; 2015: JPY335,453,870)* |
| | 1,000,043 | 2,784,789 | |
| **Pihak ketiga** | | | ***Third parties*** |
| PT Bank ANZ Indonesia (2016: JPY326.240.330; 2015: JPY326.134.601) | 2,801,308 | 2,707,425 | *PT Bank ANZ Indonesia (2016: JPY326,240,330; 2015: JPY 326,134,601)* |
| | 2,801,308 | 2,707,425 | |
| Dolar Singapura | | | *Singapore Dollar* |
| **Pihak ketiga** | | | ***Third parties*** |
| Citibank N.A,. Jakarta (2016: SGD1.091.237; 2015: SGD100.057) | 755,234 | 70,725 | *Citibank N.A., Jakarta (2016: SGD1,091,237; 2015: SGD100,057)* |
| | 755,234 | 70,725 | |
| Jumlah kas pada bank | 952,314,922 | 518,000,462 | *Total cash in banks* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 5. KAS DAN SETARA KAS (lanjutan) / *5. CASH AND CASH EQUIVALENTS (continued)*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Deposito berjangka | | | *Time deposits* |
| Dolar AS | | | *US Dollar* |
| **Pihak berelasi** | | | ***Related parties*** |
| BRI | 114,000,000 | 323,000,000 | *BRI* |
| Bank Mandiri | 101,000,000 | 116,000,000 | *Bank Mandiri* |
| BNI | 90,000,000 | 103,262,051 | *BNI* |
| | 305,000,000 | 542,262,051 | |
| Rupiah | | | *Rupiah* |
| **Pihak berelasi** | | | ***Related parties*** |
| BRI | | | *BRI* |
| (2016: Rp 332.562.511.036; 2015: Rp 380.000.000.000) | 24,751,601 | 27,546,212 | *(2016: Rp 332,562,511,036; 2015: Rp 380,000,000,000)* |
| BNI | | | *BNI* |
| (2016: Rp 165.019.285.936; 2015: Rp 300.406.899.399) | 12,281,876 | 21,776,512 | *(2016: Rp 165,019,285,936; 2015: Rp 300,406,899,399)* |
| Bank Mandiri | | | *Bank Mandiri* |
| (2016: Rp 92.954.413.160; 2015: Rp 53.593.360.000) | 6,918,310 | 3,884,978 | *(2016: Rp 92,954,413,160; 2015: Rp 53,593,360,000)* |
| BTN | | | *BTN* |
| (2016: Rp 30.276.118.088; 2015: Rp 300.000.000.000) | 2,253,358 | 21,747,010 | *(2016: Rp 30,276,118,088; 2015: Rp 300,000,000,000)* |
| | 46,205,145 | 74,954,712 | |
| **Pihak ketiga** | | | ***Third parties*** |
| PT Bank Tabungan Pensiunan Nasional Tbk (2016: Rp 5.999.993.596; 2015: Rp nihil) | 446,561 | - | *PT Bank Tabungan Pensiunan Nasional Tbk (2016: Rp 5,999,993,596; 2015: Rp nil)* |
| | 446,561 | - | |
| Jumlah deposito berjangka | 351,651,706 | 617,216,763 | *Total time deposits* |
| Jumlah kas dan setara kas | 1,304,043,250 | 1,135,502,538 | *Total cash and cash equivalents* |

Tingkat bunga tahunan deposito berjangka adalah sebagai berikut:

*The annual interest rates of time deposits are as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Rekening Rupiah | 7.65% - 9.75% | 9.50% - 10.10% | *Rupiah Accounts* |
| Rekening Dolar AS | 0.75% - 1.50% | 1.00% - 2.06% | *US Dollar Accounts* |

Kas pada bank dan deposito berjangka dapat ditarik setiap saat.

*Cash in banks and time deposits can be withdrawn at anytime.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/67 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 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:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Saldo awal | 64,669,022 | 92,588,146 | *Beginning balance* |
| - Pelepasan | - | (25,950,000) | *Disposals* - |
| - Selisih kurs | (77,182) | (964,398) | *Foreign exchange difference* - |
| - Diskon | 319,554 | 260,952 | *Discount* - |
| - Realisasi keuntungan dari pelepasan | - | 1,031,895 | *Realisation of gain from disposal* - |
| - Keuntungan/(kerugian) belum terealisasi | 3,921,377 | (2,297,573) | *Unrealised gain/(losses)* - |
| Saldo akhir | 68,832,771 | 64,669,022 | *Ending balance* |

Aset keuangan tersedia untuk dijual terdiri dari:

*Available-for-sale financial assets include the following:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Dolar AS | | | *US Dollar* |
| **Pihak berelasi** | | | ***Related parties*** |
| PT Pertamina (Persero) ("Pertamina") | | | *PT Pertamina (Persero) ("Pertamina")* |
| - Obligasi Pertamina | 48,014,051 | 44,824,315 | *Pertamina bonds* - |
| Pemerintah Indonesia | | | *The Government of Indonesia* |
| - Obligasi INDON 22 | 10,085,960 | 9,621,270 | *INDON 22 bonds* - |
| - Surat Berharga Syariah Negara | 3,950,580 | 3,733,712 | *Sharia Government Bonds* - |
| | 62,050,591 | 58,179,297 | |
| Rupiah | | | *Rupiah* |
| **Pihak berelasi** | | | ***Related parties*** |
| Lembaga Pembiayaan Ekspor Indonesia | | | *Lembaga Pembiayaan Ekspor Indonesia* |
| - Obligasi Seri C (2016 dan 2015: Rp 50.000.000.000) | 3,688,058 | 3,457,593 | *Serie C bonds (2016 and 2015: Rp50,000,000,000)* - |
| PT Antam (Persero) Tbk | | | *PT Antam (Persero) Tbk* |
| - Obligasi Seri B (2016 dan 2015: Rp25.000.000.000) | 1,634,953 | 1,693,864 | *Serie B bonds (2016 and 2015: Rp25,000,000,000)* - |
| PT Pegadaian (Persero) | | | *PT Pegadaian (Persero)* |
| - Obligasi PT Pegadaian (Persero) (2016 dan 2015: Rp20.000.000.000) | 1,459,169 | 1,338,268 | *PT Pegadaian (Persero) bonds (2016 and 2015: Rp20,000,000,000)* - |
| | 6,782,180 | 6,489,725 | |
| Jumlah investasi jangka pendek | 68,832,771 | 64,669,022 | *Total short-term investments* |

Pada tanggal 6 Februari 2015, 26 Februari 2015 dan 8 April 2015, Perusahaan melakukan penjualan obligasi Pertamina dengan nominal masing-masing sebesar USD5.000.000, USD5.000.000 dan USD10.000.000 dengan total harga jual masing - masing sebesar USD5.197.292, USD5.241.511 dan USD10.684.896. Total laba atas pelepasan ini adalah sebesar USD818.043 dan dilaporkan dalam laba rugi tahun 2015.

*On February 6, 2015, February 26, 2015 and April 8, 2015, the Company sold Pertamina bonds with nominal amount of USD5,000,000, USD5,000,000 and USD10,000,000, respectively, with total proceeds of USD5,197,292, USD5,241,511 and USD10,684,896, respectively. Total gain arising from these disposal is amounting to USD818,043 and is recognised in the 2015 profit and loss.*

## 6. INVESTASI JANGKA PENDEK (lanjutan) / *SHORT-TERM INVESTMENTS (continued)*

Pada tanggal 5 Maret 2015, Perusahaan melakukan penjualan obligasi INDON 22 dengan nominal sebesar USD5.000.000 dengan total harga jual sebesar USD5.242.708. Total laba atas pelepasan ini adalah sebesar USD213.852 dan dilaporkan dalam laba rugi tahun 2015.

*On March 5, 2015 the Company sold INDON 22 bonds with nominal amount of USD5,000,000, with total proceeds of USD5,242,708. Total gain arising from these disposal is amounting to USD213,852 and is recognised in the 2015 profit and loss.*

Pada tanggal 31 Desember 2016, tidak ada transfer rugi dari ekuitas ke dalam laporan laba rugi (31 Desember 2015: USD773.592).

*As at December 31, 2016, there is no losses removed from equity to profit or loss (December 31, 2015: USD773,592).*

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.*

## 7. PIUTANG USAHA / *TRADE RECEIVABLES*

Piutang usaha terdiri dari: / *Trade receivables are consist of the following:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Pihak berelasi** | | | ***Related parties*** |
| Distribusi gas | | | *Gas distribution* |
| PLN | 73,663,532 | 53,169,692 | *PLN* |
| PT Iglas (Persero) | 8,604,441 | 8,471,667 | *PT Iglas (Persero)* |
| PT Kertas Leces (Persero) | 4,119,744 | 4,095,500 | *PT Kertas Leces (Persero)* |
| PT PLN Batam | 2,011,093 | 1,832,900 | *PT PLN Batam* |
| PT Krakatau Daya Listrik | 957,333 | 9,270,853 | *PT Krakatau Daya Listrik* |
| PT Pertamina EP | 811,050 | 767,549 | *PT Pertamina EP* |
| PT Barata Indonesia (Persero) | 57,744 | 52,798 | *PT Barata Indonesia (Persero)* |
| PT Wijaya Karya | 46,466 | 44,234 | *PT Wijaya Karya* |
| PT Indofarma (Persero) | 16,873 | 16,533 | *PT Indofarma (Persero)* |
| Piutang sewa guna usaha | | | *Financial lease receivables* |
| PLN | 247,326,108 | 263,680,708 | *PLN* |
| Minyak dan gas | | | *Oil and gas* |
| PLN | 19,786,791 | - | *PLN* |
| PT Pertamina (Persero) | 1,560,055 | - | *PT Pertamina (Persero)* |
| Petrogas Jatim Utama | 670,817 | - | *Petrogas Jatim Utama* |
| PT Pembangkit Jawa Bali | - | 15,746,589 | *PT Pembangkit Jawa Bali* |
| Transmisi gas | | | *Gas transmission* |
| PLN | 1,630,310 | 1,296,579 | *PLN* |
| | 361,262,357 | 358,445,602 | |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/69 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 7. PIUTANG USAHA (lanjutan) / *7. TRADE RECEIVABLES (continued)*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Pihak ketiga** | | | ***Third parties*** |
| Distribusi gas | 169,790,489 | 166,745,703 | *Gas distribution* |
| Minyak dan gas | 37,934,665 | 14,591,900 | *Oil and gas* |
| Sewa fiber optik dan lain-lain | 5,134,610 | 4,206,166 | *Fiber optic rental and others* |
| Transmisi gas | 2,738,258 | 1,760,693 | *Gas transmission* |
| | 215,598,022 | 187,304,462 | |
| Jumlah piutang usaha sebelum cadangan penurunan nilai | 576,860,379 | 545,750,064 | *Total trade receivables before allowance for impairment* |
| Dikurangi: | | | *Deducted by:* |
| Bagian tidak lancar | | | *Non-current portion* |
| Piutang sewa guna usaha | (222,589,494) | (240,717,868) | *Financial lease receivables* |
| Piutang distribusi | (52,609) | (647,410) | *Distribution receivables* |
| | (222,642,103) | (241,365,278) | |
| Piutang usaha bagian lancar, kotor | 354,218,276 | 304,384,786 | *Trade receivables current portion, gross* |
| Dikurangi: | | | *Deducted by:* |
| Cadangan penurunan nilai | (33,053,576) | (17,790,217) | *Allowances for impairment* |
| Piutang usaha bagian lancar, bersih | 321,164,700 | 286,594,569 | *Trade receivables, current portion, net* |

Piutang usaha menurut mata uangnya adalah sebagai berikut:

*Trade receivables based on denominated currency are as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Distribusi gas | | | *Gas distribution* |
| - Dolar AS | 210,112,138 | 198,679,322 | *US Dollar -* |
| - Rupiah | 49,966,627 | 45,074,542 | *Rupiah -* |
| Minyak dan gas | | | *Oil and gas* |
| - Dolar AS | 59,952,328 | 31,052,054 | *US Dollar -* |
| Piutang sewa guna usaha | | | *Financial lease receivables* |
| - Dolar AS | 247,326,108 | 263,680,708 | *US Dollar -* |
| Transmisi gas | | | *Gas transmission* |
| - Dolar AS | 4,368,568 | 3,057,272 | *US Dollar -* |
| Sewa fiber optik dan lain-lain | | | *Fiber optic rental and others* |
| - Dolar AS | 1,924,614 | 1,613,063 | *US Dollar -* |
| - Rupiah | 3,209,996 | 2,593,103 | *Rupiah -* |
| Jumlah piutang usaha, kotor | 576,860,379 | 545,750,064 | *Total trade receivables, gross* |

Pada tanggal 31 Desember 2016 dan 2015, jumlah kerugian penurunan piutang usaha Grup adalah sebagai berikut:

*As of December 31, 2016 and 2015, the total of impairment losses of the Group's trade receivables are as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Penurunan individual | 17,744,382 | 16,824,094 | *Individual impairment* |
| Penurunan kolektif | 15,309,194 | 966,123 | *Collective impairment* |
| | 33,053,576 | 17,790,217 | |

## 7. PIUTANG USAHA (lanjutan) / *TRADE RECEIVABLES (continued)*

Perubahan cadangan kerugian penurunan nilai adalah sebagai berikut:

*The changes in the allowance for impairment losses are as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Saldo awal | 17,790,217 | 18,297,302 | *Beginning balance* |
| - Penurunan nilai selama tahun berjalan | 15,229,792 | 1,437,419 | *Impairment losses during the year* - |
| - Perubahan kurs | 33,567 | (1,944,504) | *Foreign exchange rate effect* - |
| | 33,053,576 | 17,790,217 | |

Penambahan cadangan penurunan nilai piutang disebabkan oleh kenaikan tren gagal bayar yang berasal dari pergerakan data historis tren pembayaran piutang kolektif.

*Additional allowance for impairment of receivables were caused due to increase in loss given default arisen from historical movement of collective receivable repayment trend.*

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.

*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.*

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.

*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.*

Analisa umur piutang usaha dihitung sejak tanggal faktur adalah sebagai berikut:

*The aging analysis of trade receivables based on invoice dates are as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Lancar dan tidak mengalami penurunan nilai | 533,582,836 | 518,000,872 | *Neither past due nor impaired* |
| > 1 bulan - 3 bulan | 6,725,409 | 6,348,910 | > 1 month - 3 months |
| > 3 bulan - 6 bulan | 1,241,011 | 2,186,291 | *> 3 months - 6 months* |
| > 6 bulan - 1 tahun | 15,663,978 | 289,282 | *> 6 months - 1 year* |
| > 1 tahun | 19,647,145 | 18,924,709 | *> 1 year* |
| | 576,860,379 | 545,750,064 | |

Piutang usaha tidak dijaminkan. Piutang usaha selain piutang sewa guna usaha, tidak dijaminkan, tidak dikenakan bunga dan umumnya dikenakan syarat pembayaran selambat-lambatnya tanggal 20 bulan penagihan.

*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.*

82% (2015: 64%) dari piutang usaha yang telah jatuh tempo lebih dari 6 bulan merupakan piutang usaha dari entitas berelasi dengan pemerintah, yaitu masing-masing 47% (2015: 3%) dari PLN, 24% (2015: 41%) dari PT Iglas (Persero), dan 12% (2015: 21%) dari PT Kertas Leces (Persero). Manajemen terus berupaya melakukan langkah-langkah negosiasi untuk mengusahakan penagihan terkait dengan piutang-piutang usaha tersebut.

*82% (2015: 64%) of the trade receivables that are pas due more than 6 months represent amount due from government-related entity, which are 47% (2015: 3%) from PLN, 24% (2015: 41%) from PT Iglas (Persero) and 12% (2015: 21%) from PT Kertas Leces (Persero). Management has been taking negotiation steps to pursue the collection of those receivables.*

Nilai tercatat dari piutang usaha sama dengan nilai wajarnya.

*Trade receivables carrying value is same with their fair value.*

Manajemen Grup berpendapat bahwa cadangan penurunan nilai adalah cukup untuk menutupi kemungkinan atas tidak tertagihnya piutang usaha.

*The management of the Group is of the opinion that the allowance for impairment is adequate to cover any loss from uncollectible accounts.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/71 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 8. PIUTANG LAIN-LAIN / *8. OTHER RECEIVABLES*

Piutang lain-lain terdiri dari : / *Other receivables consists of the following:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Pihak berelasi** | | | ***Related parties*** |
| Piutang bunga dari sewa, jasa operasi dan perawatan pipa Kepodang-Tambak Lorok | | | *Interest receivables from lease, operation and maintenance services of Kepodang-Tambak Lorok pipeline* |
| - PLN | 4,754,199 | 5,168,576 | *PLN* - |
| Piutang dari ventura bersama | | | *Receivables from joint ventures* |
| - Transgasindo | 3,778,165 | 3,774,553 | *Transgasindo* - |
| - Regas | 19,616 | 41,983 | *Regas* - |
| Piutang klaim asuransi | | | *Insurance claim* |
| - PT Asuransi Jasa Indonesia (Persero) | - | 27,995,260 | *PT Asuransi Jasa Indonesia (Persero)* - |
| Piutang bunga dari investasi jangka pendek | | | *Interest receivable from short-term investments* |
| - Pertamina, PT Antam (Persero) Tbk, PT Pegadaian (Persero), Lembaga Pembiayaan Ekspor Indonesia, Pemerintah Indonesia (2016: USD1.397.765 dan nihil 2015: USD 1.225.974 dan Rp 2.594.049.627) | 1,397,765 | 1,414,016 | *Pertamina, PT Antam (Persero) Tbk PT Pegadaian (Persero) Lembaga Pembiayaan Ekspor Indonesia, Government of Indonesia (2016: USD1,397,765 and nil; 2015: USD1,225,974 and Rp 2,594,049,627)* - |
| Jumlah piutang lain-lain dari pihak berelasi | 9,949,745 | 38,394,388 | *Total other receivable from related parties* |
| **Pihak ketiga** | | | ***Third parties*** |
| Piutang dari operasi bersama | 51,056,647 | 29,428,063 | *Joint operation receivables* |
| Piutang PPN atas impor mesin dan peralatan dari PT Hoegh LNG Lampung (2016: Rp 156.506.602.696; 2015: Rp 240.283.804.205) | 11,648,303 | 17,418,181 | *Receivable due to VAT import of machinery and supplies from PT Hoegh LNG Lampung (2016: Rp 156,506,602,696; 2015: Rp 240,283,804,205)* |
| Uang muka proyek (2016: Rp 68.831.526.248; 2015: Rp 80.687.148.225) | 5,122,918 | 5,849,014 | *Advances for project (2016: Rp 68,831,526,248; 2015: Rp 80,687,148,225)* |
| Panjar dinas (2016: Rp 32.943.872.291; 2015: Rp 49.760.274.934) | 2,447,029 | 3,607,124 | *Advances to employees (2016: Rp 32,943,872,291; 2015: Rp 49,760,274,934)* |
| Lain - lain | 7,747,599 | 8,153,528 | *Others* |
| Jumlah piutang lain-lain dari pihak ketiga | 78,022,496 | 64,455,910 | *Total other receivable from third parties* |
| Ditambah dengan: | | | *Added with:* |
| Bagian jangka pendek piutang lain-lain jangka panjang (Catatan 12) | 147,372,235 | - | *Short-term portion of other long term receivables (Note 12)* |
| Cadangan kerugian penurunan nilai | (1,302,719) | (2,190,725) | *Allowance for impairment losses* |
| Jumlah piutang lain-lain, bersih | 234,041,757 | 100,659,573 | *Total other receivables, net* |

Perubahan cadangan kerugian penurunan nilai adalah sebagai berikut: / *The changes in the allowance for impairment losses are as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Saldo awal | 2,190,725 | 1,302,804 | *Beginning balance* |
| Penambahan provisi | - | 887,921 | *Additional provision* |
| Realisasi panjar dinas | (888,006) | - | *Realisation of employee advances* |
| Saldo akhir | 1,302,719 | 2,190,725 | *Ending balances* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/72 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 8. PIUTANG LAIN-LAIN (lanjutan) / *OTHER RECEIVABLES (continued)*

Perubahan cadangan penurunan nilai disebabkan karena terdapat realisasi atas uang muka panjar dinas yang telah disisihkan panjar dinas tahun lalu.

*Changes in allowance for impairment was due to realisation of prior year provision for advances to employees.*

Analisa umur piutang lain-lain dihitung sejak pengakuan adalah sebagai berikut:

*The aging analysis of other receivables based on recognition dates are as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Belum jatuh tempo | 160,961,903 | - | *Not yet due* |
| 0 - 3 bulan | 54,376,099 | 75,766,567 | *0 - 3 months* |
| > 3 bulan - 1 tahun | 4,553,781 | 5,849,014 | *> 3 months - 1 year* |
| > 1 tahun | 15,452,693 | 21,234,717 | *> 1 year* |
| | 235,344,476 | 102,850,298 | |

90% (31 Desember 2015: 74%) 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.

*90% (December 31, 2015: 74%) 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.*

Manajemen Grup berpendapat bahwa cadangan penurunan nilai adalah cukup untuk menutupi kemungkinan kerugian atas tidak tertagihnya piutang lain-lain.

*Management of the Group believes that the allowance for impairment losses is adequate to cover any loss from uncollectible of other receivables.*

## 9. PERSEDIAAN / *INVENTORIES*

Persediaan terdiri dari:

*Inventories consist of the following:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Suku cadang minyak dan gas, perlengkapan sumur dan lainnya | 56,907,241 | 37,807,835 | *Oil and gas spareparts, well supplies and others* |
| Suku cadang | 4,959,589 | 7,160,189 | *Spareparts* |
| LNG | 4,576,421 | - | *LNG* |
| Jumlah persediaan, kotor | 66,443,251 | 44,968,024 | *Total inventories, gross* |
| Dikurangi dengan: | | | *Deducted by:* |
| - Penyisihan penurunan nilai persediaan | (1,150,024) | (1,515,002) | *Allowance for impairment of inventories* - |
| Jumlah persediaan, bersih | 65,293,227 | 43,453,022 | *Total inventories, net* |

Mutasi penyisihan untuk penurunan nilai persediaan adalah sebagai berikut:

*Movement of provision for impairment of inventories is as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Saldo awal | 1,515,002 | 1,515,002 | *Beginning balance* |
| Perubahan selama tahun berjalan | | | *Movement during the year:* |
| - Pemulihan penurunan nilai | (364,978) | - | *Reversal of provision for impairment* - |
| Saldo akhir | 1,150,024 | 1,515,002 | *Ending balance* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/73 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**9. PERSEDIAAN** (lanjutan)

Selama tahun yang berakhir 31 Desember 2016 dan 2015, biaya persediaan yang dibebankan pada laba rugi masing-masing adalah USD302.703.854 dan USD251.847.597.

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 USD8.293.404). 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, 2016 and 2015, cost of inventories charged to profit or loss are amounting to USD302,703,854 and USD251,847,597, 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 USD8,293,404. 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**

***10. ADVANCES***

Saldo uang muka terdiri dari:

*Advances consist of the following:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Pihak berelasi** | | | ***Related parties*** |
| Pembelian gas bumi | | | *Purchase of natural gas* |
| - PT Pertamina Energi Persada | 57,217,064 | 76,696,271 | *PT Pertamina Energi Persada* - |
| Penyaluran gas bumi *("ship or pay")* | | | *Natural gas distribution ("ship or pay")* |
| - PT Pertamina Gas | 387,132 | 2,620,424 | *PT Pertamina Gas* - |
| Jumlah uang muka pada pihak berelasi | 57,604,196 | 79,316,695 | *Total advances on third parties* |
| **Pihak ketiga** | | | ***Third parties*** |
| *Refundable security deposit* (Catatan 4a) | 30,000,000 | - | *Refundable security deposit (Note 4a)* |
| Pembelian barang dan jasa | 6,563,787 | 10,184,608 | *Purchase of goods and services* |
| Uang muka bangunan Kerja Sama Operasi | 16,885,595 | - | *Advance for Joint Operation building* |
| Pembelian gas bumi | | | *Purchase of natural gas* |
| - PT Sadikun Niagamas Raya | 22,451,335 | 31,260,397 | *PT Sadikun Niagamas Raya* - |
| - PT Walinusa Energi | 16,631,818 | 26,589,425 | *PT Walinusa Energi* - |
| - ConocoPhilips (Grissik) Ltd. | 699,030 | - | *ConocoPhilips (Grissik) Ltd.* - |
| - Santos | 486,834 | 5,493,671 | *Santos* - |
| - Gas Supply Pte Ltd. ("GSPL") | 37,845 | 494,995 | *Gas Supply Pte Ltd. ("GSPL")* - |
| - Premier oil | - | 15,545,048 | *Premier oil* - |
| - Bayu Buana Gemilang | - | 6,415,851 | *Bayu Buana Gemilang* - |
| - Indogas Kriya Dwiguna | - | 6,203,402 | *Indogas Kriya Dwiguna* - |
| Uang muka proyek | 6,153,843 | 14,725,923 | *Advance for projects* |
| Lain-lain | 28,568 | 32,190 | *Others* |
| Jumlah uang muka pada pihak ketiga | 99,938,655 | 116,945,510 | *Total advances on third parties* |
| Jumlah uang muka, kotor | 157,542,851 | 196,262,205 | *Total advances, gross* |
| Dikurangi: | | | *Less:* |
| Bagian tidak lancar | | | *Non-current portion* |
| - Pembelian gas bumi | (43,456,977) | (116,848,640) | *Purchase of natural gas* - |
| - Uang muka bangunan kerja sama operasi | (16,885,595) | - | *Advance for Joint operation building* - |
| - Pembelian barang dan jasa | (165,315) | (1,130,486) | *Purchase of goods and services* - |
| | (60,507,887) | (117,979,126) | |
| Uang muka, bagian lancar, bersih | 97,034,964 | 78,283,079 | *Advances, current portion, net* |

## 10. UANG MUKA (lanjutan) / *ADVANCES (continued)*

Uang muka pembelian gas bumi merupakan pembayaran yang dilakukan sesuai dengan kesepakatan "*Make-Up Gas*" untuk selisih jumlah gas yang dialirkan dengan jumlah kuantitas pembelian gas minimum seperti yang tertera dalam Perjanjian Jual Beli Gas ("PJBG"). Uang muka tersebut akan dikreditkan dengan kelebihan kuantitas gas yang dialirkan dengan jumlah kuantitas pembelian gas bumi minimum yang terjadi setelahnya.

*The advances for purchase of natural gas represents payments made under the Make-Up Gas arrangements for the difference between the delivered quantity and the minimum purchase quantity of natural gas as stated in the Gas Sale and Purchase Agreements ("GSPA"). Such advances will be applied against future deliveries of quantities over the minimum specified purchase quantities of natural gas.*

Manajemen berpendapat bahwa seluruh uang muka tersebut dapat dipulihkan.

*The management is of the opinion that all of such advances can be recovered.*

## 11. BEBAN DIBAYAR DI MUKA / *PREPAID EXPENSES*

Beban dibayar di muka terdiri dari:

*Prepaid expenses consist of the following:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| *Joint interest billing* dari aktivitas minyak dan gas | 28,254,806 | 6,766,515 | *Joint interest billing from oil and gas activities* |
| *Arrangement fee* | 3,785,895 | 5,191,000 | *Arrangement fee* |
| Lain-lain | 2,222,859 | 1,411,519 | *Others* |
| Jumlah beban dibayar di muka | 34,263,560 | 13,369,034 | *Total prepaid expenses* |

## 12. PIUTANG LAIN-LAIN JANGKA PANJANG / *OTHER LONG-TERM RECEIVABLES*

Piutang lain-lain jangka panjang merupakan piutang yang berasal dari segmen operasi pertambangan minyak dan gas, antara lain adalah:

*Other long-term receivables represent receivable from oil and gas mining operating segment, consist of the following:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Piutang dari GDF Suez Exploration Indonesia B.V. | 246,469,834 | 178,451,512 | *Receivable from GDF Suez Exploration Indonesia B.V.* |
| Pajak Pertambahan Nilai yang dapat ditagihkan | 92,584,504 | 63,094,745 | *Reimbursable Value-Added Tax* |
| Piutang *carry* | 35,600,000 | 35,600,000 | *Carry receivables* |
| Piutang dari KUFPEC | 7,771,788 | 7,771,788 | *Receivable from KUFPEC* |
| Sub-total | 382,426,126 | 284,918,045 | *Sub-total* |
| Penyesuaian nilai wajar | (7,040,846) | (9,078,692) | *Fair value adjustment* |
| Saldo akhir | 375,385,280 | 275,839,353 | *Ending balance* |
| Dikurangi: | | | *Less:* |
| Bagian lancar piutang lain-lain jangka panjang | (147,372,235) | - | *Short-term portion of other long term receivables* |
| Bagian jangka panjang piutang lain-lain jangka panjang | 228,013,045 | 275,839,353 | *Long-term portion of other long term receivables* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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.

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 pada saat aktivitas produksi, dengan nilai maksimum sebesar jumlah tersebut di atas.

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.

59% (31 Desember 2015: 77%) 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.*

*Based on Farm Out Agreement of Bangkanai PSC dated March 11, 2013, SBK will pay carry to Salamander Energy (Bangkanai) Limited amounting to USD30,000,000 for development costs, USD5,600,000 for drilling cost in West Kerendan-1 Well and USD1,500,000 for the following exploration drilling cost in such block. SBK can recover the development and drilling cost during the production activities, to a maximum of the above amounts.*

*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.*

*59% (December 31, 2015: 77%) 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 goverment. 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.*

## 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:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015* | |
|---|---|---|---|
| **Investasi pada entitas asosiasi** | | | ***Investments in associates*** |
| BGS | 2,718 | 2,718 | *BGS* |
| GEJ | - | - | *GEJ* |
| | 2,718 | 2,718 | |
| **Investasi pada ventura bersama** | | | ***Investments in joint ventures*** |
| Transgasindo | 281,166,783 | 278,515,721 | *Transgasindo* |
| Regas | 101,199,808 | 109,430,272 | *Regas* |
| Unimar | 45,069,506 | - | *Unimar* |
| | 427,436,097 | 387,945,993 | |
| Jumlah penyertaan saham | 427,438,815 | 387,948,711 | *Total investment in shares of stock* |

* Direklasifikasi, lihat Catatan 45 / *As reclassified, refer to Note 45 **

### a. Investasi pada entitas asosiasi / *a. Investment in associates*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| 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 | 2,718 | 2,718 | *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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/77 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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:

***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:*

| | Aset/ *Assets* | Liabilitas/ *Liabilities* | Laba/(rugi)/ *Profit/(loss)* | Laba/(rugi) dari operasi yang dihentikan/ *Profit/(loss) from discontinued operation* | Penghasilan komprehensif lainnya/ *Other comprehensive income* | Jumlah laba/(rugi) komprehensif/ *Total comprehensive income/(loss)* |
|---|---|---|---|---|---|---|
| 31 Desember/ *December 2016* | | | | | | |
| BGS | 7,272,760 | 5,689,288 | (42,142) | (42,142) | - | (42,142) |
| GEJ | 3,585 | 577,098 | - | - | - | - |

**b. Investasi pada entitas ventura bersama**

***b. Investment in joint ventures***

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015* | |
|---|---|---|---|
| Pada awal tahun | 387,945,993 | 403,514,422 | *At beginning of the year* |
| Akuisisi saham | 53,724,197 | - | *Acquisition of shares* |
| Bagian keuntungan | 57,713,446 | 51,259,769 | *Share of profit* |
| Penerimaan dividen | (71,947,539) | (66,828,198) | *Dividend received* |
| Pada akhir tahun | 427,436,097 | 387,945,993 | *At the end of the year* |

* Direklasifikasi, lihat Catatan 45

*As reclassified, refer to Note 45*

Investasi pada ventura bersama yang dimiliki Grup adalah sebagai berikut:

*Investments in joint ventures 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* |
|---|---|---|---|---|
| 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.

*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 olil and gas. Unimar effectively has 11.25% interest in Sanga-sanga Block.*

Berikut ini merupakan ringkasan informasi keuangan dari Transgasindo, Regas, dan Unimar, ventura yang material bagi Grup yang dicatat dengan menggunakan metode ekuitas.

*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.*

**13. PENYERTAAN SAHAM** (lanjutan)

**b. Investasi pada entitas ventura bersama** (lanjutan)

(1) Transgasindo

Ringkasan informasi keuangan Transgasindo adalah sebagai berikut:

***13. INVESTMENT IN SHARES OF STOCK** (continued)*

***b. Investment in joint ventures** (continued)*

(1) *Transgasindo*

*Summarised financial information for Transgasindo is as follow:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Laporan posisi keuangan** | | | ***Statements of financial position*** |
| Kas dan setara kas | 147,908,012 | 72,684,979 | *Cash and cash equivalents* |
| Aset lancar lainnya | 28,243,778 | 44,646,928 | *Other current assets* |
| Aset tidak lancar lainnya | 442,478,171 | 502,409,324 | *Other non-current assets* |
| Liabilitas keuangan jangka pendek | (93,052,244) | (88,949,226) | *Short-term financial liabilities* |
| Liabilitas jangka pendek lainnya | (7,972,119) | (9,446,735) | *Other short-term liabilities* |
| Liabilitas keuangan jangka panjang | (4,323,014) | (3,485,040) | *Long-term financial liabilities* |
| Liabilitas jangka panjang lainnya | (43,653,750) | (52,659,427) | *Other long-term liabilities* |
| Aset bersih | 469,628,834 | 465,200,803 | *Net assets* |
| **Laporan laba rugi** | | | ***Statement of profit or loss*** |
| Pendapatan | 158,718,841 | 82,844,617 | *Revenue* |
| Depresiasi dan amortisasi | (60,723,806) | (61,103,133) | *Depreciation and amortisation* |
| Pendapatan keuangan | 153,928 | 68,787 | *Interest income* |
| Beban keuangan | - | (746,618) | *Interest expense* |
| Laba sebelum pajak penghasilan | 59,409,709 | 43,626,245 | *Profit before income taxes* |
| Beban pajak penghasilan | (15,386,036) | (8,513,512) | *Income tax expense* |
| Laba tahun berjalan | 44,023,673 | 35,112,733 | *Profit for the year* |
| Dividen yang dibayarkan | 39,595,642 | 60,000,000 | *Dividends paid* |

Transgasindo merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham Transgasindo.

*Transgasindo is an unlisted private company and there is no quoted market price available for its shares.*

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut:

*Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follow:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015* | |
|---|---|---|---|
| Aset bersih pada awal tahun | 278,515,721 | 293,415,728 | *Net assets at the beginning of the year* |
| Penerimaan dividen | (23,705,911) | (35,922,000) | *Dividend received* |
| Laba diserap tahun berjalan | 26,356,973 | 21,021,993 | *Profit absorbed for the year* |
| Aset bersih pada akhir tahun | 281,166,783 | 278,515,721 | *Net assets at the end of the year* |

* Direklasifikasi, lihat Catatan 45

*As reclassified, refer to Note 45 **

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/79 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Laporan posisi keuangan** | | | ***Statements of financial position*** |
| Kas dan setara kas | 158,998,685 | 162,097,273 | *Cash and cash equivalents* |
| Aset lancar lainnya | 57,806,275 | 83,911,931 | *Other current assets* |
| Aset tidak lancar lainnya | 54,257,269 | 60,072,076 | *Other non-current assets* |
| Liabilitas keuangan jangka pendek | (3,314,256) | (1,403,287) | *Short-term financial liabilities* |
| Liabilitas jangka pendek lainnya | (3,425,096) | (21,673,813) | *Other short-term liabilities* |
| Liabilitas jangka panjang lainnya | (11,323,358) | (9,428,502) | *Other long-term liabilities* |
| Aset bersih | 252,999,519 | 273,575,678 | *Net assets* |
| **Laporan laba rugi** | | | ***Statement of profit or loss*** |
| Pendapatan | 573,253,202 | 683,892,006 | *Revenue* |
| Depresiasi dan amortisasi | (1,448,524) | (700,072) | *Depreciation and amortisation* |
| Pendapatan keuangan | 1,489,187 | 1,194,766 | *Interest income* |
| Beban keuangan | (583,095) | (887,598) | *Interest expense* |
| Laba sebelum pajak penghasilan | 73,577,325 | 97,686,275 | *Profit before income taxes* |
| Beban pajak penghasilan | (18,549,416) | (22,091,837) | *Income tax expense* |
| Laba tahun berjalan | 55,027,909 | 75,594,438 | *Profit for the year* |
| Dividen yang dibayarkan | 75,604,070 | 77,265,495 | *Dividends paid* |

Regas merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham Regas. / *Regas is an unlisted private company and there is no quoted market price available for its shares.*

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut: / *Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follow:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Aset bersih pada awal tahun | 109,430,272 | 110,098,694 | *Net assets at the beginning of the year* |
| Penerimaan dividen | (30,241,628) | (30,906,198) | *Dividend received* |
| Laba diserap tahun berjalan | 22,011,164 | 30,237,776 | *Profit absorbed for the year* |
| Aset bersih pada akhir tahun | 101,199,808 | 109,430,272 | *Net assets at the end of the year* |

**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*

Ringkasan informasi keuangan Unimar adalah sebagai berikut: / *Summarised financial information for Unimar is as follow:*

| | 31 Desember/ *December* 2016 | |
|---|---|---|
| **Laporan posisi keuangan** | | ***Statements of financial position*** |
| Kas dan setara kas | 31,287,435 | *Cash and cash equivalents* |
| Aset lancar lainnya | 49,951,310 | *Other current assets* |
| Aset tidak lancar lainnya | 28,493,885 | *Other non-current assets* |
| Liabilitas keuangan jangka pendek | (22,644,190) | *Short-term financial liabilities* |
| Liabilitas jangka pendek lainnya | (270,616) | *Other short-term liabilities* |
| Liabilitias jangka panjang lainnya | (4,355,024) | *Other long-term liabilities* |
| Aset bersih | 82,462,800 | *Net assets* |
| **Laporan laba rugi** | | ***Statement of profit or loss*** |
| Pendapatan | 14,435,351 | *Revenue* |
| Beban pokok pendapatan | (20,988,186) | *Cost of revenues* |
| Beban umum dan administrasi | (53,650) | *General and administration expense* |
| Pendapatan keuangan | 227 | *Finance income* |
| Laba sebelum pajak penghasilan | (6,606,258) | *Profit before income taxes* |
| Beban pajak penghasilan | 3,148,672 | *Income tax expense* |
| Laba tahun berjalan | (3,457,586) | *Profit for the year* |
| Dividen yang dibayarkan | 36,000,000 | *Dividends paid* |

Unimar adalah perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar kuotasian yang tersedia atas saham perusahaan tersebut. / *Unimar is unlisted private company and there is no quoted market price available for their shares.*

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut: / *Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follows:*

| | 31 Desember/ *December* 2016 | |
|---|---|---|
| Pada awal tahun | - | *At beginning of the year* |
| Akuisisi saham | 53,724,197 | *Acquisition of shares* |
| Penerimaan dividen | (18,000,000) | *Dividend received* |
| Keuntungan/(rugi) yang diserap pada tahun berjalan | | *Profit/(loss) absorbed during the current year* |
| - Kenaikan nilai wajar dari akuisisi | 11,074,102 | *Fair value uplift from acquisition -* |
| - Rugi pada tahun berjalan | (1,728,793) | *Loss during the year -* |
| Pada akhir tahun | 45,069,506 | *At the end of the year* |

Rekonsiliasi aset bersih atas nilai tercatat investasi Grup di Unimar adalah sebagai berikut: / *Net asset reconciliation for the Group's investment in Unimar is as follow:*

| | 31 Desember/ *December* 2016 | |
|---|---|---|
| Kepentingan pada ventura bersama (50%) | 41,231,400 | *Interest in joint venture (50%)* |
| Kenaikan nilai wajar | 3,838,106 | *Fair value uplift* |
| Pada akhir tahun | 45,069,506 | *At end of the year* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/81 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 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:*

| | 31 Desember/*December* 2016 | | | | | |
|---|---|---|---|---|---|---|
| | **Saldo awal/ *Beginning balance*** | **Penambahan/ *Additions*** | **Pengurangan/ *Disposals*** | **Transfer/ *Transfers*** | **Saldo akhir/ *Ending balance*** | |
| **Nilai tercatat** | | | | | | ***Carrying value*** |
| 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* |
| **Akumulasi penyusutan** | | | | | | ***Accumulated depreciation*** |
| 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* |

| | 31 Desember/*December* 2015* | | | | | |
|---|---|---|---|---|---|---|
| | **Saldo awal/ *Beginning balance*** | **Penambahan/ *Additions*** | **Pengurangan/ *Disposals*** | **Transfer/ *Transfers*** | **Saldo akhir/ *Ending balance*** | |
| **Nilai tercatat** | | | | | | ***Carrying value*** |
| Tanah | 57,565,646 | 427,200 | (56,040) | 5,354,778 | 63,291,584 | *Land* |
| Bangunan dan prasarana | 125,950,086 | 478,184 | (1,938,294) | 20,641,225 | 145,131,201 | *Building and improvements* |
| Mesin dan peralatan | 2,172,588,555 | 34,411,002 | (58,941) | 112,874,281 | 2,319,814,897 | *Machineries and equipment* |
| Kendaraan bermotor | 1,369,582 | 2,307,846 | (2,572) | (14,165) | 3,660,691 | *Vehicles* |
| Peralatan kantor | 12,691,552 | 1,910,313 | (1,614,117) | (91,665) | 12,896,083 | *Office equipment* |
| Peralatan dan perabot | 10,988,298 | 587,515 | - | (156,747) | 11,419,066 | *Furnitures and fixtures* |
| Aset belum terpasang | 29,493,215 | 3,532,428 | (21,236,359) | - | 11,789,284 | *Uninstalled assets* |
| Aset dalam pelaksanaan | 422,295,780 | 490,596,054 | (2,180,060) | (405,603,372) | 505,108,402 | *Construction in progress* |
| Aset kerjasama operasi | | | | | | *Joint venture assets* |
| - Tanah | 1,745,636 | 374,587 | - | - | 2,120,223 | *Land -* |
| Total nilai tercatat | 2,834,688,350 | 534,625,129 | (27,086,383) | (266,995,665) | 3,075,231,431 | *Total carrying value* |
| **Akumulasi Penyusutan** | | | | | | ***Accumulated depreciation*** |
| Bangunan dan prasarana | 43,490,167 | 6,792,502 | - | - | 50,282,669 | *Building and improvements* |
| Mesin dan peralatan | 998,666,115 | 130,785,404 | (702,407) | - | 1,128,749,112 | *Machineries and equipment* |
| Kendaraan bermotor | 920,566 | 2,290,477 | (1,453,895) | - | 1,757,148 | *Vehicles* |
| Peralatan kantor | 8,507,893 | 1,514,124 | (1,090) | - | 10,020,927 | *Office equipment* |
| Peralatan dan perabot | 7,903,876 | 1,607,030 | (6,320) | - | 9,504,586 | *Furnitures and fixtures* |
| Aset belum terpasang | 4,436,572 | 1,580,401 | (2,395,341) | - | 3,621,632 | *Uninstalled assets* |
| Total akumulasi penyusutan | 1,063,925,189 | 144,569,938 | (4,559,053) | - | 1,203,936,074 | *Total accumulated depreciation* |
| Nilai buku | **1,770,763,161** | | | | **1,871,295,357** | *Book value* |

* Direklasifikasi, lihat Catatan 45

*As reclassified, refer to Note 45 **

**14. ASET TETAP** (lanjutan) / ***14. FIXED ASSETS*** *(continued)*

Penyusutan dibebankan ke: / *Depreciation was charged to:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015* | |
|---|---|---|---|
| Beban pokok pendapatan | 17,166,802 | 16,863,772 | *Cost of revenue* |
| Beban distribusi dan transmisi | 115,556,910 | 114,416,632 | *Distribution and transmission expenses* |
| Beban umum dan administrasi | 11,133,130 | 13,289,534 | *General and administrative expenses* |
| | 143,856,842 | 144,569,938 | |

* Direklasifikasi, lihat Catatan 45 / *As reclassified, refer to Note 45 **

Penambahan aset tetap sebesar USD246.291.615 dan transfer aset tetap sebesar USD266.995.665 merupakan penambahan dan transfer yang terjadi atas aset pipa transmisi Kepodang – Tambak Lorok yang dioperasikan oleh KJG, entitas anak tidak langsung. Pada tahun 2015, aset pipa ini direklasifikasi atau ditransfer ke Piutang Usaha Sewa Pembiayaan sebagai akibat dari mulai efektifnya Perjanjian Pengangkutan Gas Kepodang – Tambak Lorok yang dinilai oleh manajemen sebagai perjanjian yang mengandung sewa.

*Addition of fixed assets amounted to USD246,291,615 and transfer of fixed assets amounted to USD266,995,665 represents addition and transfer incurred to transmission pipeline Kepodang – Tambak Lorok that is operated by KJG, a indirect subsidiary. In 2015, those pipeline assets were reclassified or transferred to Finance Lease Receivables as result of Gas Transportation Agreement Kepodang – Tambak Lorok, that based on management assessment is assumed as agreement contained lease, became effective.*

Pengurangan aset tetap senilai USD8.554.152 (2015: USD nihil) merupakan dampak perubahan estimasi arus kas pada provisi biaya pembongkaran aset tetap.

*Disposal of fixed assets with the amount of USD8,554,152 (2015: USD nil) is the impact of changes in cash flow estimation on dismantling cost provision for fixed assets.*

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 perparkiran dan fasilitas pendukung lainnya.

*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.*

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.

*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.*

Pada tanggal 31 Desember 2016, 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

*As of December 31, 2016, 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 one accident or occurrence of sum insured totaling USD901,898,994 and offshore pipeline of USD386,926,673 for anyone 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*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/83 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**14. ASET TETAP** (lanjutan)

Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kemungkinan kerugian atas aset yang dipertanggungkan.

Pada tanggal 31 Desember 2016 dan 2015, jumlah harga perolehan aset tetap Grup yang telah disusutkan penuh dan masih digunakan dalam kegiatan operasional adalah masing-masing sebesar USD120.215.858 dan USD113.575.683.

Pada tanggal 31 Desember 2016 dan 2015, nilai wajar aset mesin dan peralatan Perusahaan masing-masing adalah sekitar sebesar USD2.064.402.643 dan USD3.907.685.514. 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 2016 dan 2015.

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:

***14. FIXED ASSETS** (continued)*

*Management believes that the amount insured are adequate to cover possible losses from insured assets.*

*As of December 31, 2016 and December 31, 2015, the cost of the Group's fixed assets which have been fully depreciated and still used in the operational activities amounted to USD120,215,858 and USD113,575,683, respectively.*

*As of December 31, 2016 and December 31, 2015, the fair values of the Company's machinery and equipment assets approximately amounted to USD2,064,402,643 and USD3,907,685,514, 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, 2016 and 2015.*

*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:*

| | 31 Desember/*December* 2016 | | |
|---|---|---|---|
| **Aset dalam pelaksanaan/** ***Construction in progress*** | **Persentase penyelesaian/** ***Percentage of completion*** | **Akumulasi biaya/** ***Accumulated costs*** | **Estimasi tanggal penyelesaian/** ***Estimated completion date*** |
| 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/ *PGN Sayang Ibu installation – 2016* | 43.9% | 6,157,553 | Mei/*May* 2017 |
| Pemasangan Koneksi Pipa ke Husky/ *Installation of pipe conection to Husky* | 59.51% | 3,288,407 | April 2017 |
| Sektorisasi Narogong Area Jawa bagian barat/*Narogong sectorization Area of western Java* | 76.0% | 2,443,088 | Juni/ *June* 2017 |
| Pemasangan Pipa Cabang CA Wilayah II – 2016/ *Pipe branch instalatiion region II – 2016* | 51.73% | 2,220,114 | Maret/*March* 2017 |

**14. ASET TETAP** (lanjutan) / ***14. FIXED ASSETS*** *(continued)*

| Aset dalam pelaksanaan yang belum selesai pada tanggal neraca/ *Construction in progress as at the balance sheet date* | Persentase penyelesaian/ *Percentage of completion* | Akumulasi biaya/ *Accumulated costs* | Estimasi tanggal penyelesaian/ *Estimated completion date* |
|---|---|---|---|
| | 31 Desember/*December* 2015 | | |
| EPC Gresik-Lamongan-Tuban Distribution Pipeline Project Phase I (CP-21A) | 17.00% | 4,156,965 | November 2016 |
| Pekerjaan pemasangan pipa dan MR/S calon pelanggan area Bekasi/*Pipe installation work and prospective customer's MR/S in Bekasi area* | 47.00% | 3,819,058 | Juni/*June* 2016 |
| Pekerjaan pemasangan pipa dan MR/S calon pelanggan area Tangerang tersebar/*Pipe installation work and prospective customer's MR/S in Tangerang area* | 99.70% | 3,494,912 | Januari/*January* 2016 |
| Pekerjaan pemasangan pipa dan MR/S calon pelanggan area Tangerang/*Pipe installation work and prospective customer's MR/S in Tangerang area* | 40.70% | 3,159,404 | Juni/*June* 2016 |
| Peningkatan kehandalan jaringan Pasuruan dan Mojokerto/*Network reliability improvement in Pasuruan and Mojokerto* | 99.00% | 3,263,094 | Januari/*January* 2016 |

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:*

| | Saldo awal/ *Beginning balance* | Akuisisi/ *Acquisition* | Penambahan/ *Addition* | Pengurangan/ *Deduction* | Saldo akhir/ *Ending balance* | |
|---|---|---|---|---|---|---|
| | 31 Desember/*December* 2016 | | | | | |
| **Blok/Lokasi** | | | | | | ***Block/Location*** |
| - 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* |
| | 49,947,246 | 262,500 | 2,437,963 | (53,057) | 52,594,652 | |

| | Saldo awal/ *Beginning balance* | Penambahan/ *Addition* | Pengurangan/ *Deduction* | Saldo akhir/ *Ending balance* | |
|---|---|---|---|---|---|
| | 31 Desember/*December* 2015 | | | | |
| **Blok/Lokasi** | | | | | ***Block/Location*** |
| - CBM Lematang, Sulawesi Selatan | 53,057 | - | - | 53,057 | *CBM Lematang, - South Sulawesi* |
| - Sesulu, Kalimantan Timur | 12,010,865 | 36,716,132 | - | 48,726,997 | *Sesulu, - East Kalimantan* |
| - Bangkanai Barat, Kalimantan Tengah | 680,175 | 487,017 | - | 1,167,192 | *West Bangkanai, - Central Kalimantan* |
| | 12,744,097 | 37,203,149 | - | 49,947,246 | |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/85 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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:*

| | 31 Desember/*December* 2016 | | | | | |
|---|---|---|---|---|---|---|
| | **Saldo awal/ *Beginning balance*** | **Penambahan/ *Addition*** | **Akuisisi/ *Acquisition*** | **Pengurangan/ *Deduction*** | **Saldo akhir/ *Ending balance*** | |
| **Harga perolehan** | | | | | | ***Cost*** |
| - Ketapang, Jawa Timur | 239,079,200 | 17,619,807 | - | - | 256,699,007 | *Ketapang, East Java -* |
| - Bangkanai, Kalimantan Tengah | 85,940,287 | 950,058 | - | - | 86,890,345 | *Bangkanai, - 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 Sumatra, Sumatera | 58,759,641 | - | - | (817,020) | 57,942,621 | *Southeast Sumatera, - Sumatra* |
| - Sanga-sanga, Kalimantan Timur | - | - | 35,100,000 | (583,036) | 34,516,964 | *Sanga-sanga, - East Kalimantan* |
| - Muara Bakau, Kalimantan | 312,673,293 | 149,959,598 | - | - | 462,632,891 | *Muara Bakau, - Kalimantan* |
| | 2,023,736,342 | 257,921,996 | 35,100,000 | (1,400,056) | 2,315,358,282 | |
| **Akumulasi penyusutan, deplesi, dan amortisasi** | | | | | | ***Accumulated depreciation, depletion and amortisation*** |
| - Ketapang, Jawa Timur | (10,010,462) | (41,200,009) | - | - | (51,210,471) | *Ketapang, East Java -* |
| - Bangkanai, Kalimantan Tengah | - | (88,930) | - | - | (88,930) | *Bangkanai, - 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 Sumatra, Sumatera | (11,386,200) | (8,548,492) | - | - | (19,934,692) | *Southeast Sumatera, - Sumatra* |
| - Sanga-sanga, Kalimantan Timur | - | (4,083,120) | - | - | (4,083,120) | *Sanga-sanga, - East Kalimantan* |
| | (253,212,426) | (182,086,914) | - | - | (435,299,340) | |
| **Akumulasi penurunan nilai** | | | | | | ***Acumulated impairment*** |
| - 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 Sumatra, Sumatera | (19,464,480) | (5,880,249) | - | - | (25,344,729) | *Southeast Sumatera, - Sumatra* |
| | (134,191,940) | (37,201,328) | - | - | (171,393,268) | |
| Nilai buku, bersih | 1,636,331,976 | | | | 1,708,665,674 | *Net book value* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 15. ASET MINYAK DAN GAS (lanjutan) / *15. OIL AND GAS ASSETS (continued)*

### b. Properti minyak dan gas (lanjutan) / *b. Oil and gas properties (continued)*

| | 31 Desember/*December* 2015 | | | | | |
|---|---|---|---|---|---|---|
| | Saldo awal/ *Beginning balance* | Penambahan/ *Addition* | Akuisisi/ *Acquisition* | Pengurangan/ *Deduction* | Saldo akhir/ *Ending balance* | |
| **Harga perolehan** | | | | | | ***Cost*** |
| - Ketapang, Jawa Timur | 204,181,022 | 34,898,178 | - | - | 239,079,200 | *Ketapang, East Java -* |
| - Bangkanai, Kalimantan Tengah | 78,584,352 | 7,355,935 | - | - | 85,940,287 | *Bangkanai, - Central Kalimantan* |
| - Pangkah, Jawa Timur | 941,387,478 | 65,710,431 | - | (42,301,419) | 964,796,490 | *Pangkah, East Java -* |
| - Fasken, Texas | 177,737,477 | 72,235,358 | - | - | 249,972,835 | *Fasken, Texas -* |
| - Muriah, Jawa Tengah | 101,051,000 | 11,463,596 | - | - | 112,514,596 | *Muriah, Central Java -* |
| - Southeast Sumatra, Sumatera | 53,042,816 | 5,716,825 | - | - | 58,759,641 | *Southeast Sumatera, - Sumatra* |
| - Muara Bakau, Kalimantan | - | 241,782,799 | 70,890,494 | - | 312,673,293 | *Muara Bakau, - Kalimantan* |
| | 1,555,984,145 | 439,163,122 | 70,890,494 | (42,301,419) | 2,023,736,342 | |
| **Akumulasi penyusutan, deplesi, dan amortisasi** | | | | | | ***Accumulated depreciation, depletion and amortisation*** |
| - Ketapang, Jawa Timur | - | (10,010,462) | - | - | (10,010,462) | *Ketapang, East Java -* |
| - Pangkah, Jawa Timur | (99,053,407) | (107,461,487) | - | - | (206,514,894) | *Pangkah, East Java -* |
| - Fasken, Texas | (3,169,381) | (18,982,029) | - | - | (22,151,410) | *Fasken, Texas -* |
| - Muriah, Jawa Tengah | - | (3,149,460) | - | - | (3,149,460) | *Muriah, Central Java -* |
| - Southeast Sumatra, Sumatera | (630,388) | (10,755,812) | - | - | (11,386,200) | *Southeast Sumatera, - Sumatra* |
| | (102,853,176) | (150,359,250) | - | - | (253,212,426) | |
| **Akumulasi penurunan nilai** | | | | | | ***Acumulated impairment*** |
| - Ketapang, Jawa Timur | (12,681,022) | - | - | - | (12,681,022) | *Ketapang, East Java -* |
| - Pangkah, Jawa Timur | (1,881,100) | (89,097,242) | - | - | (90,978,342) | *Pangkah, East Java -* |
| - Fasken, Texas | (11,068,096) | - | - | - | (11,068,096) | *Fasken, Texas -* |
| - Southeast Sumatra, Sumatera | (10,912,425) | (8,552,055) | - | - | (19,464,480) | *Southeast Sumatera, - Sumatra* |
| | (36,542,643) | (97,649,297) | - | - | (134,191,940) | |
| Nilai buku, bersih | 1,416,588,326 | | | | 1,636,331,976 | *Net book value* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/87 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**15. ASET MINYAK DAN GAS** (lanjutan)

**b. Properti minyak dan gas** (lanjutan)

Pada tahun 2016 terdapat penyesuaian biaya pembongkaran sebesar USD5.978.245 akibat perubahan estimasi proyeksi biaya yang dicatat sebagai penambahan biaya perolehan.

Pada tahun 2015 terdapat penyesuaian biaya pembongkaran sebesar USD42.301.419 akibat perubahan estimasi proyeksi biaya yang dicatat sebagai pengurang biaya perolehan.

Penurunan nilai properti minyak dan gas atas secara umum disebabkan oleh penurunan prediksi harga minyak masa depan selama masa PSC pada masing-masing blok minyak dan gas.

Pada tanggal 31 Desember 2016, seluruh sumur, perlengkapan dan fasilitas terkait diasuransikan dengan nilai pertanggungan sebesar USD993.766.842.

**c. Uji penurunan nilai atas properti minyak dan gas**

Pengujian penurunan nilai atas properti minyak dan gas dilakukan ketika terdapat suatu indikasi bahwa nilai tercatat properti minyak dan gas tersebut mengalami penurunan. Dalam hal ini, manajemen Grup menentukan hak kepemilikan pada masing-masing blok sebagai satu UPK.

Jumlah terpulihkan UPK dinilai dengan menggunakan proyeksi arus kas berdasarkan pendapatan yang akan diterima dari kegiatan produksi minyak dan gas dengan periode proyeksi hingga akhir masa PSC. Rencana produksi pada proyeksi arus kas ini tidak melampaui cadangan minyak dan gas atau akhir masa PSC.

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.

***15. OIL AND GAS ASSETS** (continued)*

***b. Oil and gas properties** (continued)*

*In 2016 there was an adjustment to the dismantling cost amounting to USD5,978,245 due to the change in estimation of projected cost that are recorded as additional cost.*

*In 2015, there was an adjustment of dismantling cost amounting to USD42,301,419 due to the change in estimation of projected cost that are recorded as deduction of cost.*

*Impairment in oil and gas properties is triggered primarily by the decrease in the forecast oil price during the period of PSC for each oil and gas block.*

*As of December 31, 2016, all wells and related equipment and facilities were insured amounted to USD993,766,842.*

***c. Impairment test on oil and gas properties***

*Impairment test on oil and gas properties is performed when there is an indication that oil and gas properties carrying value may have impaired. In this matter, the management of the Group determined the participating interests in the respective blocks as a CGU.*

*The recoverable amount of the CGUs is determined using cash flow projections based on revenue generated from oil and gas production and projections until the end of PSC. Production plan used in the cashflow projection, do not exceed oil and gas reserves or the end of the period of PSC.*

*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.*

**15. ASET MINYAK DAN GAS** (lanjutan)

**c. Uji penurunan nilai atas properti minyak dan gas** (lanjutan)

Asumsi utama yang digunakan dan nilai terpulihkan pada 31 Desember 2016 dan 2015 adalah sebagai berikut:

| | 31 Desember/*December* 2016 | 31 Desember/*December* 2015 | |
|---|---|---|---|
| Harga minyak | USD59.46 – USD76.92 | USD53.8 - USD75.2 | *Oil prices* |
| Harga gas | Sesuai kontrak pejualan/ *Based on sales agreement* | Sesuai kontrak penjualan/ *Based on sales agreement* | *Gas prices* |
| Tingkat diskonto | | | *Discount rate* |
| Blok Pangkah | 7.0% | 6.9% | *Pangkah Block* |
| Blok Ketapang | 7.0% | [1] | *Ketapang Block* |
| Blok Southeast Sumatera | 6.58% | 6.0% | *Southeast Sumatra Block* |
| Periode arus kas | | | *Cashflows period* |
| Blok Pangkah | sampai/*until* 2026 | sampai/*until* 2026 | *Pangkah Block* |
| Blok Ketapang | sampai/*until* 2028 | [1] | *Ketapang Block* |
| Blok Southeast Sumatera | sampai/*until* 2018 | sampai/*until* 2018 | *Southeast Sumatra Block* |
| Nilai terpulihkan | | | *Recoverable amount* |
| Blok Pangkah | USD599,574,566 | USD667,303,254 | *Pangkah Block* |
| Blok Ketapang | USD190,488,063 | [1] | *Ketapang Block* |
| Blok Southeast Sumatera | USD12,501,532 | USD27,908,961 | *Southeast Sumatra Block* |

Keterangan:
1) Pada tanggal 31 Desember 2015, tidak ada indikasi penurunan nilai pada aset minyak dan gas Grup di Blok Ketapang.

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.

***15. OIL AND GAS ASSETS** (continued)*

***c. Impairment test on oil and gas properties** (continued)*

*The key assumption used and recoverable amounts as at December 31, 2016 and 2015 are as follows:*

*Remarks:*
*1) As at December 31, 2015, there are no impairment indicator on the Group's oil and gas assets at Ketapang Block.*

*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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/89 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**15. ASET MINYAK DAN GAS** (lanjutan)

**c. Uji penurunan nilai atas properti minyak dan gas** (lanjutan)

Sensitivitas nilai terpulihkan terhadap perubahan asumsi utama adalah sebagai berikut:

***15. OIL AND GAS ASSETS** (continued)*

***c. Impairment test on oil and gas properties** (continued)*

*Sensitivity of the recoverable amount to changes in the key assumptions is as follows:*

| | **Perubahan asumsi/ *Change in assumptions*** | **Dampak terhadap nilai terpulihkan/ *Impact on recoverable amount*** | |
|---|---|---|---|
| **31 Desember 2016** | | | ***December 31, 2016*** |
| Tingkat diskonto | kenaikan*/increase by* 1% | turun/*decrease by* USD41 juta/*million* | *Discount rate* |
| Harga minyak | penurunan*/decrease by* 10% | turun/*decrease by* USD47 juta/*million* | *Oil prices* |
| **31 Desember 2015** | | | ***December 31, 2015*** |
| Tingkat diskonto | kenaikan*/increase by* 1% | turun/*decrease by* USD50 juta/*million* | *Discount rate* |
| Harga minyak | kenaikan*/increase by* 10% | naik/*increase by* USD46 juta/*million* | *Oil prices* |

**16. GOODWILL DAN ASET TAK BERWUJUD LAINNYA**

Perubahan dalam akun goodwill dan aset tak berwujud lainnya untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

***16. GOODWILL AND OTHER INTANGIBLE ASSETS***

*The changes in the goodwill and other intangible assets account for the years ended December 31, 2016 and 2015 are as follows:*

| | **31 Desember/*December* 2016** | | | | |
|---|---|---|---|---|---|
| | **Saldo awal/ *Beginning balance*** | **Penambahan/ *Addition*** | **Pengurangan/ *Deduction*** | **Saldo akhir/ *Ending balance*** | |
| **Harga perolehan** | | | | | ***Cost*** |
| Goodwill | 88,058,404 | - | - | 88,058,404 | *Goodwill* |
| Piranti lunak | 3,472,455 | 830,685 | - | 4,303,140 | *Software* |
| Hak atas tanah | 1,863,328 | 58,720 | - | 1,922,048 | *Land rights* |
| | 93,394,187 | 889,405 | | 94,283,592 | |
| **Akumulasi amortisasi** | | | | | ***Accumulated amortisation*** |
| Piranti lunak | (1,121,545) | (43,351) | | (1,164,896) | *Software* |
| Hak atas tanah | (418,567) | (69,941) | | (488,508) | *Land rights* |
| | (1,540,112) | (113,292) | | (1,653,404) | |
| **Akumulasi penurunan nilai** | | | | | ***Accumulated impairment*** |
| Goodwill | (88,003,028) | - | - | (88,003,028) | *Goodwill* |
| Nilai buku bersih | 3,851,047 | | | 4,627,160 | *Net book value* |

## 16. GOODWILL DAN ASET TAK BERWUJUD LAINNYA (lanjutan) / *16. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)*

| | 31 Desember/*December* 2015 | | | | |
|---|---|---|---|---|---|
| | **Saldo awal/ *Beginning balance*** | **Penambahan/ *Addition*** | **Pengurangan/ *Deduction*** | **Saldo akhir/ *Ending balance*** | |
| **Harga perolehan** | | | | | ***Cost*** |
| Goodwill | 88,058,404 | - | - | 88,058,404 | *Goodwill* |
| Piranti lunak | 2,895,296 | 577,159 | - | 3,472,455 | *Software* |
| Hak atas tanah | 1,566,096 | 297,232 | - | 1,863,328 | *Land rights* |
| | 92,519,796 | 874,391 | - | 93,394,187 | |
| **Akumulasi amortisasi** | | | | | ***Accumulated amortisation*** |
| Piranti lunak | (704,187) | (417,358) | - | (1,121,545) | *Software* |
| Hak atas tanah | (371,443) | (47,124) | - | (418,567) | *Land rights* |
| | (1,075,630) | (464,482) | - | (1,540,112) | |
| **Akumulasi penurunan nilai** | | | | | ***Accumulated impairment*** |
| Goodwill | (40,767,200) | (47,235,828) | - | (88,003,028) | *Goodwill* |
| Nilai buku bersih | 50,676,966 | | | 3,851,047 | *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*

| | **31 Desember/ *December* 2016** | **31 Desember/ *December* 2015** | |
|---|---|---|---|
| **Pihak berelasi** | | | ***Related parties*** |
| PT Pertamina EP | 17,178,883 | 24,249,386 | *PT Pertamina EP* |
| PT Pertamina Hulu Energi | 6,326,177 | 3,775,166 | *PT Pertamina Hulu Energi* |
| PT Pertamina Gas | 2,100,382 | 2,044,937 | *PT Pertamina Gas* |
| | 25,605,442 | 30,069,489 | |
| **Pihak ketiga** | | | ***Third parties*** |
| ConocoPhilips (Grissik) Ltd. | 67,444,293 | 72,715,103 | *ConocoPhilips (Grissik) Ltd.* |
| PT Indogas Dwi Kriyaguna | 4,891,270 | 868,531 | *PT Indogas Dwi Kriyaguna* |
| PT Taruko Energy | 2,523,231 | 1,823,930 | *PT Taruko Energy* |
| Santos Madura Offshore | 2,467,209 | 4,922,832 | *Santos Madura Offshore* |
| PT Bayu Buana Gemilang | 1,545,025 | 113,481 | *PT Bayu Buana Gemilang* |
| Sembcorp Gas Pte. Ltd | 1,324,598 | 673,014 | *Sembcorp Gas Pte. Ltd* |
| PT Inti Daya Latu Prima | 1,211,328 | 1,168,147 | *PT Inti Daya Latu Prima* |
| Kangean Energy Indonesia Ltd. | - | 1,760,695 | *Kangean Energy Indonesia Ltd.* |
| Lain-lain (masing-masing dibawah USD1.000.000) | 4,747,351 | 2,881,390 | *Others (each below USD1,000,000)* |
| | 86,154,305 | 86,927,123 | |
| Jumlah utang usaha | 111,759,747 | 116,996,612 | *Total trade payables* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/91 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 17. UTANG USAHA (lanjutan) / *17. TRADE PAYABLES (continued)*

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.

*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. UTANG LAIN-LAIN / *18. OTHER PAYABLES*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Pihak berelasi** | | | ***Related parties*** |
| Transgasindo | 1,677,249 | 1,776,587 | *Transgasindo* |
| **Pihak ketiga** | | | ***Third parties*** |
| Liabilitas kepada kontraktor dan pemasok (2016: USD35.855.168 dan Rp407.073.491.441; 2015: USD 20.173.002 dan Rp378.965.566.599) | 68,080,688 | 47,644,229 | *Liabilities to contractors and suppliers (2016: USD35,855,168 and Rp407,073,491,441; 2015: USD20,173,002 and Rp378,965,566,599)* |
| Jaminan gas (2016: USD16.912.959 dan Rp15.188.684.280 2015: USD10.893.084 dan Rp59.545.749.220) | 18,041,679 | 15,209,557 | *Gas guarantee deposits (2016: USD16,912,959 and Rp15,188,684.280; 2015: USD10.893.084 and Rp59,545,749,220)* |
| Utang *cash call* | 14,990,967 | 15,718,529 | *Cash call payable* |
| PT Riau Andalan Pulp and Paper ("RAPP") | 1,909,674 | 1,910,300 | *PT Riau Andalan Pulp and Paper ("RAPP")* |
| Lain-lain (2016: Rp36.303.204.711; 2015: Rp33.219.173.905) | 2,708,163 | 2,408,059 | *Others (2016: Rp36,303,204,711; 2015: Rp33,219,173,905)* |
| | 105,731,171 | 82,890,674 | |
| Total | 107,408,420 | 84,667,261 | *Total* |

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.

*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.*

Utang jaminan gas merupakan uang jaminan gas yang diterima oleh Perusahaan dari pelanggan dalam rangka transaksi penjualan gas.

*Gas guarantee deposits payable represents gas deposits received by the Company from the customers in relation to the gas sales transactions.*

Utang *cash call* merupakan utang kepada operator yang berkaitan dengan kegiatan operasional di blok Fasken, Muriah, Ketapang, dan Sanga-sanga.

*Cash call payables represent payables to operator related with operational activities in Fasken, Muriah, Ketapang and Sanga-sanga blocks.*

Utang lain-lain pembelian barang dan jasa terkait utang kepada pemasok terkait dengan pembelian barang dan jasa.

*Other payables purchase of goods and services related to payables to suppliers for purchase of goods and services.*

**18. UTANG LAIN-LAIN** (lanjutan)

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.

***18. OTHER PAYABLES** (continued)*

*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.*

**19. LIABILITAS YANG MASIH HARUS DIBAYAR**

***19. ACCRUED LIABILITIES***

Liabilitas yang masih harus dibayar terdiri dari:

*Accrued liabilities consist of the following:*

| | **31 Desember/ *December* 2016** | **31 Desember/ *December* 2015** | |
|---|---|---|---|
| Liabilitas atas aktivitas minyak dan gas | 130,507,563 | 139,334,987 | *Liabilities for oil and gas activities* |
| Liabilitas kepada kontraktor dan pemasok (2016: USD8.391.715 dan Rp 974.475.276.548; 2015: USD13.503.132 dan Rp1.412.122.103.032) | 83,949,632 | 115,867,910 | *Liabilities to contractors and suppliers (2016: USD8,391,715 and Rp 974,475,276,548; 2015: USD13,503,132 and Rp1,412,122,103,032)* |
| Bunga (2016: USD13.894.996 dan JPY15.614.914 2015: USD12.725.149 dan JPY159.134.412) | 15,197,196 | 14,046,213 | *Interests (2016: USD13,894,996 and JPY15,614,914; 2015: USD12,725,149 and JPY159,134,412)* |
| Lain-lain (2016: Rp20.731.804.321; 2015: Rp8.475.141.995) | 1,543,004 | 614,364 | *Others (2016: Rp20,731,804,321; 2015: Rp 8,475,141,995)* |
| Jumlah liabilitas yang masih harus dibayar | 231,197,395 | 269,863,474 | *Total accrued liabilities* |

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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/93 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 20. PINJAMAN BANK / *20. BANK LOANS*

### a. Pinjaman bank jangka panjang / *a. Long-term bank loan*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Pihak berelasi** | | | ***Related parties*** |
| BNI | 18,750,000 | 37,500,000 | *BNI* |
| **Penerusan pinjaman** | | | ***Two-step loan*** |
| Japan Bank for International Cooperation (2016: JPY42.164.627.000 dan 2015: JPY43.755.745.000) | 362,177,702 | 363,240,879 | *Japan Bank for International Cooperation (2016: JPY42.164.627.000 and 2015: JPY43,755,745,000)* |
| International Bank for Reconstruction and Development | 43,815,759 | 47,477,874 | *International Bank for Reconstruction and Development* |
| European Investment Bank | 16,627,357 | 21,378,031 | *European Investment Bank* |
| | 422,620,818 | 432,096,784 | |
| **Pihak ketiga** | | | ***Third parties*** |
| Pinjaman sindikasi | 1,036,250,000 | 917,500,000 | *Syndicated loan* |
| Biaya transaksi yang belum diamortisasi | (10,317,348) | (12,058,644) | *Unamortized transactions costs* |
| Jumlah pinjaman | 1,467,303,470 | 1,375,038,140 | *Total loans* |
| Dikurangi: | | | *Less:* |
| Bagian jangka pendek dari pinjaman jangka panjang | (170,987,760) | (121,621,548) | *Current portion of long-term loans* |
| **Pinjaman jangka panjang** | **1,296,315,710** | **1,253,416,592** | ***Long-term portion*** |

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 2016 adalah sebagai berikut:

*Other significant information related to bank borrowings as of December 31, 2016 is as follows:*

| Kreditur/ *Creditor* | Mata uang/ *Currency* | Jumlah fasilitas/ *Total facility* (mata uang asal/*original currency*) | Periode pinjaman/ *Loan term* | Periode pembayaran bunga/ *Interest payment period* | Tingkat suku bunga per tahun/*Annual interest rate* | Pembatasan pinjaman/ *Debt covenants* |
|---|---|---|---|---|---|---|
| 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* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/94 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**20. PINJAMAN BANK** (lanjutan) / ***20. BANK LOANS*** *(continued)*

**a. Pinjaman bank jangka panjang** (lanjutan) / ***a. Long-term bank loan*** *(continued)*

| Kreditur/ *Creditor* | Mata uang/ *Currency* | Jumlah fasilitas/ *Total facility* (mata uang asal/*original currency*) | Periode pinjaman/ *Loan term* | Periode pembayaran/ *Payment period* | Tingkat suku bunga per tahun/*Annual interest rate* | Pembatasan pinjaman/ *Debt covenants* |
|---|---|---|---|---|---|---|
| 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* (ANZ Banking Group Ltd, Bank of Tokyo - Mitsubishi UFJ Ltd, Citigroup Global Markets Singapore Pte. Ltd, Hongkong and Shanghai Banking Corp. Ltd.) | Dolar AS/ *US Dollar* | 650,000,000 (590,000,000 *Onshore* dan/ *and* 60,000,000 *Offshore*) | 28 Agustus/ *August* 2014 - 28 Agustus/ *August* 2019 | Pokok/*Principal*: Setengah tahunan/, *Semiannually* (28 April dan/*and* 28 Oktober/ *October*), dengan masa tenggang satu tahun/ *with one year grace period*<br><br>Bunga/*Interest*: Triwulanan/ *Quarterly* | LIBOR +2.25% untuk porsi *Onshore/For Onshore portion,* LIBOR +2% untuk porsi *Offshore/For Offshore portion,* | 1. *Debt to equity ratio*: 70:30<br>2. *Debt service coverage ratio*: 1.3:1 |
| Sindikasi/ *Syndicated* (PT BNP Paribas, Hongkong And Shanghai Banking Corp Ltd, PT Bank 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*<br><br>Bunga/*Interest:* Triwulanan/ *Quarterly* | LIBOR +1.85% untuk porsi *Onshore/For Onshore portion,* LIBOR +1.6% untuk porsi *Offshore/For Offshore portion,* | 1. *Debt to equity ratio*: 65:35<br>2. *Interest service coverage ratio*: 4:1<br>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*) |
| BNI Tidak diperkenankan | Dolar AS/ *US Dollar* | 150,000,000 | 1 7 September 2007 - 16 September 2017 | Setengah tahunan/ *Semiannually*, (16 Maret/*March* dan/*and* 16 September), dengan masa tenggang 2 tahun/*with two years grace period*<br><br>Bunga/*Interest:* Setiap bulan/ *Each month* | Pokok/*Principal:* *month* + 1.75% | LIBOR 3 bulan/ menjaminkan aset mengadakan merger, mengubah status hukum, memberikan pinjaman, melakukan investasi lebih dari 15% ekuitas/ *Prohibited to pledge assets, conduct merger, change legal status, provide loan, and place investment with amount more than 15% of equities* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/95 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**20. PINJAMAN BANK** (lanjutan)

**a. Pinjaman bank jangka panjang** (lanjutan)

**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 2016 dan 2015, Perusahaan telah membayar angsuran masing-masing sebesar JPY1.591.118.000.

**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, Kementrian 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 2016 dan 2015, Perusahaan telah membayar angsuran masing-masing sebesar USD3.662.115 dan USD 3.509.552.

***20. BANK LOANS** (continued)*

***a. Long-term bank loan** (continued)*

***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, 2016 and 2015, the Company has already paid installments amounting to JPY1,591,118,000 each year.*

***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, 2016 and 2015, the Company has already paid installments amounting to USD3,662,115 and USD3,509,552, respectively.*

**20. PINJAMAN BANK** (lanjutan)

**a. Pinjaman bank jangka panjang** (lanjutan)

**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 EUROS70.000.000 kepada Perusahaan sebagai bagian dari pembiayaan Proyek Distribusi dan Transmisi Gas Tahap II.

Pada tanggal 31 Desember 2016 dan 2015, Grup telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian pinjaman.

Selama tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015, Perusahaan telah membayar angsuran masing-masing sebesar USD4.750.674.

**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 2016 dan 2015, Grup telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian pinjaman.

Selama tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015, Perusahaan telah membayar angsuran masing-masing sebesar USD 81.250.000 dan USD32.500.000.

(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.

***20. BANK LOANS*** *(continued)*

***a. Long-term bank loan*** *(continued)*

***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 EUROS70,000,000 to the Company as part of the financing of the Gas Transmission and Distribution Project Phase II.*

*As of December 31, 2016 and 2015, the Group has complied with all financial ratios required to be maintained under the loan agreements.*

*During the years ended December 31, 2016 and 2015, the Company has already paid installments amounting to USD4,750,674, each year.*

***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, 2016 and 2015, the Group has complied with all financial ratios required to be maintained under the loan agreements.*

*During the years ended December 31, 2016 and 2015, the Company has already paid installments amounting to USD81,250,000 and USD32,500,000, respectively.*

*(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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/97 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**20. PINJAMAN BANK** (lanjutan)

**a. Pinjaman bank jangka panjang** (lanjutan)

**4. Pinjaman sindikasi** (lanjutan)

(ii) Pinjaman Sindikasi - SEI (lanjutan)

Pada tanggal 31 Desember 2016 dan 2015, Grup telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian pinjaman.

Selama tahun 2016, SEI telah mencairkan fasilitas pinjaman sindikasi dengan jumlah sebesar USD200.000.000. Sampai tanggal 31 Desember 2016, SEI telah menggunakan seluruh jumlah fasilitas yang diberikan oleh perjanjian pinjaman ini sebesar USD500.000.000.

**5. BNI (Perjanjian No. 058/KPI/PK/2007)**

Berdasarkan perjanjian pinjaman tanggal 17 September 2007, BNI menyetujui untuk memberikan pinjaman kepada Perusahaan dengan jumlah keseluruhan setara dengan USD150.000.000 untuk keperluan pembiayaan penyelesaian proyek Jaringan Pipa Transmisi Gas Bumi Sumatera Selatan – Jawa Barat ("Proyek SSWJ") dan Jaringan Pipa Distribusi Gas Jawa Barat.

Selama tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015, Perusahaan telah membayar angsuran masing-masing sebesar USD18.750.000.

***20. BANK LOANS** (continued)*

***a. Long-term bank loan** (continued)*

***4. Syndicated loans** (continued)*

*(ii) Syndicated loan – SEI (continued)*

*As of December 31, 2016 and 2015, the Group has complied with all financial ratios required to be maintained under the loan agreements.*

*During 2016, SEI has withdrawn syndicated loan facility amounting to USD200,000,000. As at December 31, 2016, SEI has utilized the facilities provided by this loan agreement in the amount of USD500,000,000.*

***5. BNI (Agreement No. 058/KPI/PK/2007)***

*Based on the loan agreement dated September 17, 2007, BNI agreed to provide loan to the Company at an aggregate amount equivalent to USD150,000,000 to finance the South Sumatera-West Java Pipeline Gas Transmission Project ("SSWJ Project") and West Java Pipeline Distribution.*

*During the years ended December 31, 2016 and 2015, the Company has already paid installments amounting to USD18,750,000, each year.*

**b. Pinjaman bank jangka pendek** / ***b. Short-term bank loan***

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Pihak ketiga** | | | ***Third parties*** |
| PT Bank DBS Indonesia | 50,000,000 | - | *PT Bank DBS Indonesia* |
| PT Bank Sumitomo Mitsui Indonesia | 50,000,000 | - | *PT Bank Sumitomo Mitsui Indonesia* |
| | 100,000,000 | - | |

**20. PINJAMAN BANK** (lanjutan)

**b. Pinjaman bank jangka pendek** (lanjutan)

**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. Pada bulan Juli 2016, SEI telah melakukan pencairan pinjaman sebesar USD50.000.000.

**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 bulan November 2016, SEI melakukan pencairan pinjaman sebesar USD50.000.000.

Pada bulan December 2016, SEI juga menggunakan fasilitas bank garansi sebesar USD12.000.000 sehubungan dari akuisisi SESL (lihat Catatan 4).

**c. Fasilitas yang belum digunakan**

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 2017. Pada tanggal 31 Desember 2016, fasilitas yang belum digunakan sebesar USD173.331.941.

***20. BANK LOANS** (continued)*

***b. Short-term bank loan** (continued)*

***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. In July 2016, SEI has withdrawn the loan amounting to USD50,000,000.*

***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. In November 2016, SEI has withdrawn the loan amounting to USD50,000,000.*

*In November 2016, SEI has also utilised the bank guarantee facility amounting to USD12,000,000 with regards to the SESL acquisition (refer to Note 4).*

***c. Unused facilities***

*1. Bank Mandiri*

*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, 2017. As of December 31, 2016, the facility which has not been used amounted to USD173,331,941.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/99 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**20. PINJAMAN BANK** (lanjutan)

**c. Fasilitas yang belum digunakan** (lanjutan)

2. BNI

Pada tanggal 30 Desember 2015, Perusahaan memperpanjang fasilitas *Non Cash Loan* yang diperoleh dari BNI yang terdiri dari SBLC, *Bank Guarantee*, *Letter of Credit*, dan SKBDN, dengan maksimum nilai plafon sebesar USD140.000.000. Fasilitas ini akan jatuh tempo pada 18 Desember 2017. Pada tanggal 31 Desember 2016, fasilitas yang belum digunakan sebesar USD109.758.476.

3. PT Bank ANZ Indonesia

Pada tanggal 2 Maret 2015, Perusahaan menandatangani *Corporate Facility Agreement* dengan PT Bank ANZ Indonesia. PT Bank ANZ Indonesia akan menyediakan fasilitas korporasi dengan maksimum nilai plafon sebesar US$182.000.000. Fasilitas ini akan jatuh tempo pada tanggal 28 Februari 2017. Pada tanggal 31 Desember 2016, fasilitas bank garansi yang belum digunakan sebesar US$52.357.522. Sementara itu, Perusahaan belum menggunakan fasilitas modal kerja yang diberikan oleh perjanjian ini. Sampai dengan tanggal laporan keuangan, fasilitas ini sedang dalam proses perpanjangan.

4. BRI

Pada tanggal 20 Mei 2015, Perusahaan dengan BRI menandatangani adendum perjanjian kredit dengan perubahan penambahan nilai plafon atas fasilitas *Standby Letter of Credit atau* /Fasilitas Bank Garansi atau Penangguhan Jaminan Impor menjadi US$400.000.000. Fasilitas ini akan jatuh tempo pada tanggal 5 April 2017. Pada tanggal 31 Desember 2016, fasilitas yang belum digunakan sebesar USD165.214.150.

***20. BANK LOANS** (continued)*

***c. Unused facilities** (continued)*

*2. BNI*

*On December 30, 2015, the Company has extended the Non Cash Loan facility from BNI which consists of SBLC, Bank Guarantee, Letter of Credit, and SKBDN with a maximum limit of USD140,000,000. The facility will mature on December 18, 2017. As of December 31, 2016, the facility that has not been used amounted to USD109,758,476.*

*3. PT Bank ANZ Indonesia*

*On March 2, 2015, the Company amended Corporate Facility Agreement with PT Bank ANZ Indonesia. PT Bank ANZ Indonesia will provide Corporate Facility with a maximum limit of US$182,000,000. The facility will expire on February 28, 2017. As of December 31, 2016, a payment guarantee facility that has not been used amounted to US$52,357,522. Besides, the Company has not yet used the working capital facilities that provided by this agreement. Up to the date of the financial statements, the facility is in renewal process.*

*4. BRI*

*On May 20, 2015, the Company and BRI signed amendment of credit agreement with changes in additional amount of maximum limit of Standby Letter of Credit or Bank Guarantee Facility or the guarantees of the suspension of import to become US$400,000,000. This facility will mature on April 5, 2017. As of December 31, 2016, the unused facility amounted to US$165,214,150.*

**21. UTANG OBLIGASI** / ***21. BONDS PAYABLES***

| | **31 Desember/ *December* 2016** | **31 Desember/ *December* 2015** | |
|---|---|---|---|
| Senior Unsecured Fixed Rate Notes | 1,350,000,000 | 1,350,000,000 | *Senior Unsecured Fixed Rate Notes* |
| Diskonto | (13,000,500) | (13,000,500) | *Discount* |
| Biaya penerbitan | (5,647,211) | (5,647,211) | *Issuance cost* |
| Amortisasi diskonto dan biaya penerbitan | 3,991,412 | 2,404,403 | *Amortization of discount and issuance cost* |
| Jumlah utang obligasi | 1,335,343,701 | 1,333,756,692 | *Total bonds payable* |

**21. UTANG OBLIGASI** (lanjutan)

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 bersih yang diperoleh sebesar USD1.335.334.469, 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.

Perusahaan tidak diharuskan melakukan pembentukan dana (*sinking fund*) untuk pelunasan utang obligasi ini.

Nilai wajar dari utang obligasi pada tanggal 31 Desember 2016 dan 2015 masing masing adalah USD1.385.775.000.000 dan USD1.305.301.500. Nilai wajar ini dihitung menggunakan harga penawaran pada tanggal pengukuran dan merupakan level 1 pada hirarki nilai wajar.

***21. BONDS PAYABLES** (continued)*

*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 annualy on May 16 and November 16, starting on November 16, 2014. These bonds were listed on the Singapore Exchange Securities Trading Limited. The net proceeds, which amounted to USD1,335,334,469 were received by the Company on May 16, 2014 and were used for addtional 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 it assets.*

*The Company is not required to make sinking fund payment with respect to these bonds.*

*The fair value of the bonds payable as at December 31, 2016 and 2015 amounted to USD1,385,775,000,000 and USD1,305,301,500. The fair value is calculated using bid price at measurement date and within level 1 of the fair value hierarchy.*

**22. PERPAJAKAN** / ***22. TAXATION***

**a. Taksiran tagihan pajak** / ***a. Estimated claims for tax refund***

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Pajak Penghasilan: | | | *Income Taxes:* |
| Pasal 29 | 20,084,510 | 16,386,065 | *Article 29* |
| Pasal 25 | 695,482 | 80,047 | *Article 25* |
| Pajak lainnya: | | | *Other Taxes:* |
| Pasal 4 (2) | 61,230,518 | 59,637,060 | *Article 4 (2)* |
| Pajak Pertambahan Nilai ("PPN") | 11,897,860 | 28,004,953 | *Value Added Taxes ("VAT")* |
| Pasal 22 | 234,979 | 1,938,239 | *Article 22* |
| Pasal 23 | 122,206 | 458,513 | *Article 23* |
| | 94,265,555 | 106,504,877 | |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/101 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 22. PERPAJAKAN (lanjutan) / *22. TAXATION (continued)*

### b. Utang pajak / *b. Tax payable*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Pajak Penghasilan: | | | *Income Taxes:* |
| Pasal 29 (2016: Rp12.475.306.538; USD22.155.831 2015: Rp9.922.954.761) | 23,084,330 | 719,315 | *Article 29 (2016: Rp12,475,306,538; USD22,155,831; 2015: Rp9,922,954,761)* |
| Kurang bayar Pasal 29 untuk tahun pajak 2013 | 5,527,440 | - | *Underpayment of Article 29 for fiscal year of 2013* |
| Pasal 25 | 731,162 | 10,245,898 | *Article 25* |
| Pajak lainnya: | | | *Other Taxes:* |
| Pajak Pertambahan Nilai (2016: Rp111.638.232.604; 2015: Rp49.067.715.212) | 8,308,889 | 3,556,920 | *Value Added Taxes (2016: Rp111,638,232,604; 2015: Rp49,067,715,212)* |
| Pasal 23 (2016: Rp48.318.690.996 2015: Rp Rp55.455.475.929) | 3,596,211 | 4,019,970 | *Article 23 (2016: Rp48,318,690,996; 2015: Rp Rp55,455,475,929)* |
| Pasal 21 (2016: Rp15.971.346.328; 2015: Rp11.398.674.356) | 1,212,270 | 826,291 | *Article 21 (2016: Rp15,971,346,328; 2015: Rp11,398,674,356)* |
| Pasal 22 (2016: Rp3.101.178.611; 2015: Rp28.951.431.171) | 230,811 | 2,098,690 | *Article 22 (2016: Rp3,101,178,611; 2015: Rp28,951,431,171)* |
| | 42,691,113 | 21,467,084 | |

### c. Beban pajak / *c. Tax expense*

Beban (manfaat) pajak terdiri dari: / *Tax (benefit) expense are as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Perusahaan | | | *Company* |
| Beban pajak kini | 73,998,035 | 113,413,077 | *Current tax expenses* |
| Penyesuaian beban pajak tahun 2013 | 5,527,440 | - | *Income tax expenses 2013 adjustment* |
| Beban pajak tangguhan | 3,800,408 | 527,991 | *Deferred tax expense* |
| Entitas anak | | | *Subsidiaries* |
| Beban pajak kini | 17,757,827 | 11,898,241 | *Current tax expenses* |
| Manfaat pajak tangguhan | (24,682,480) | (91,233,630) | *Deferred tax benefit* |
| Konsolidasian | | | *Consolidated* |
| Beban pajak kini | 97,283,302 | 125,311,318 | *Current tax expenses* |
| Manfaat pajak tangguhan | (20,882,072) | (90,705,639) | *Deferred tax benefit* |
| Beban pajak penghasilan | 76,401,230 | 34,605,679 | *Income tax expense* |

**22. PERPAJAKAN** (lanjutan)

**c. Beban pajak** (lanjutan)

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:

***22. TAXATION** (continued)*

***c. Tax expense** (continued)*

*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:*

| | **31 Desember/ *December* 2016** | **31 Desember/ *December* 2015** | |
|---|---|---|---|
| Laba konsolidasian sebelum pajak penghasilan | 384,985,146 | 437,364,583 | *Consolidated profit before tax* |
| Pajak dihitung dengan tarif pajak yang berlaku | 90,597,520 | 82,709,116 | *Tax calculated at applicable tax rate* |
| Dampak pajak penghasilan pada: | | | *Income tax effect from:* |
| - Pendapatan dividen | (21,220,839) | (13,365,640) | *Dividend income -* |
| - Penghasilan tidak kena pajak | (16,692,456) | (19,965,337) | *Income not subject to tax -* |
| - Beban yang tidak dapat dikurangkan | 12,670,789 | 6,386,423 | *Non-deductible expenses –* |
| - Aset pajak tangguhan yang tidak diakui | 11,046,216 | (21,158,883) | *Unrecognised deferred tax assets-* |
| Beban pajak penghasilan konsolidasian | 76,401,230 | 34,605,679 | *Consolidated income tax expense* |

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:*

| | **31 Desember/ *December* 2016** | **31 Desember/ *December* 2015** | |
|---|---|---|---|
| Laba konsolidasian sebelum pajak penghasilan | 384,985,146 | 437,364,583 | *Consolidated profit before taxes* |
| Dikurangi: | | | *Deducted by:* |
| (Rugi)/laba sebelum pajak entitas anak | (17,742,785) | 172,037,464 | *(Loss)/profit before tax benefit of subsidiaries* |
| Penyesuaian konsolidasian | 63,566,754 | 19,190,360 | *Consolidation adjustments* |
| Laba sebelum beban pajak Perusahaan | 430,809,115 | 628,592,407 | *Income before tax expense of the Company* |
| **Beda temporer** | | | ***Temporary differences*** |
| Imbalan pascakerja dan jangka panjang lainnya | 7,347,377 | (2,674,209) | *Post-employment and other long-term benefits* |
| Penyisihan penurunan nilai piutang | 15,489,166 | (880,120) | *Provision for impairment of receivables* |
| Gaji dan bonus | (803,847) | 562,365 | *Salaries and bonus* |
| Penyisihan persediaan usang | - | (115,563) | *Provision for inventory obsolescence* |
| **Beda tetap** | | | ***Permanent differences*** |
| Gaji dan kesejahteraan karyawan | 11,513,015 | 6,143,544 | *Salaries and other employees' benefits* |
| Beban yang tak dapat dikurangkan | 6,156,226 | 6,121,791 | *Non-deductible expenses* |
| Representasi dan jamuan | 2,467,165 | 3,260,028 | *Representation and entertainment* |
| Pajak dan perizinan | 128,870 | 37,934 | *Taxes and licenses* |
| Pendapatan dividen | (83,604,195) | (66,828,198) | *Dividend income* |
| Penghasilan yang dikenakan pajak final | (19,512,718) | (7,154,594) | *Income subject to final tax* |
| Estimasi laba kena pajak | 369,990,174 | 567,065,385 | *Estimated taxable income* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/103 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**22. PERPAJAKAN** (lanjutan) / ***22. TAXATION** (continued)*

**c. Beban pajak** (lanjutan) / ***c. Tax expense** (continued)*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Estimasi laba kena pajak Perusahaan (dari halaman sebelumnya) | 369,990,174 | 567,065,385 | *Estimated taxable income - the Company (from previous page)* |
| Beban pajak kini - Perusahaan | 73,998,035 | 113,413,077 | *Current tax expense - the Company* |
| Dikurangi pembayaran pajak di muka - Perusahaan | | | *Less prepaid taxes - Company* |
| Pasal 23 | (7,496,504) | (3,303,785) | *Article 23* |
| Pasal 25 | (69,118,993) | (125,585,848) | *Article 25* |
| Lebih bayar pajak penghasilan badan - Perusahaan | (2,617,462) | (15,476,556) | *Overpayment of corporate income tax - Company* |
| Lebih bayar pajak penghasilan badan - entitas anak | (2,685,974) | (989,556) | *Overpayment of corporate income tax - subsidiaries* |
| Lebih bayar pajak penghasilan badan tahun sebelumnya - konsolidasi | (15,476,556) | - | *Overpayment of corporate income taxes - consolidated* |
| Lebih bayar pajak penghasilan badan - konsolidasian | (20,779,992) | (16,466,112) | *Overpayment of corporate income tax - consolidated* |

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.

*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.*

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 2016 dan 2015.

*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 2016 and 2015.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/104 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**22. PERPAJAKAN** (lanjutan)

**d. Pajak tangguhan**

Pengaruh pajak atas beda temporer yang signifikan antara pelaporan komersial dan pajak adalah sebagai berikut:

***22. TAXATION** (continued)*

***d. Deferred tax***

*The tax effects of significant temporary differences between commercial and tax reporting are as follows:*

| | 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* | 31 Desember/ *December* 2016 | |
|---|---|---|---|---|---|
| **Perusahaan** | | | | | ***The Company*** |
| 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 obsolence* |
| Penyisihan aset pajak tangguhan | (4,787,263) | (2,140,380) | - | (6,927,643) | *Allowance for deferred tax assets* |
| Aset pajak tangguhan | 25,545,569 | (3,800,408) | 915,226 | 22,660,387 | *Deferred tax assets* |
| **Entitas anak** | | | | | ***Subsidiaries*** |
| PGASKOM | | | | | *PGASKOM* |
| 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 obsolence* |
| Aset tetap | (10,205) | (89,290) | - | (99,495) | *Fixed assets* |
| Aset pajak tangguhan | 106,248 | 616,179 | (482,198) | 240,229 | *Deferred tax assets* |
| PGASSOL | | | | | *PGASSOL* |
| 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 | 928,228 | 863,969 | (386,248) | 1,405,949 | *Deferred tax assets* |
| GEI | | | | | *GEI* |
| 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 obsolence* |
| Aset pajak tangguhan | 206,272 | 3,036 | 7,829 | 217,137 | *Deferred tax assets* |
| PLI | | | | | *PLI* |
| 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 | *Acretion 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 | 27,633,639 | (3,326,774) | 210 | 24,307,075 | *Deferred tax assets* |
| PGN Property dan entitas anaknya | | | | | *PGN Property and its subsidiary* |
| 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 | - | 499,819 | - | 499,819 | *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 | (2,697,762) | 2,152,100 | - | (545,662) | *Deferred tax liabilities* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/105 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 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 | |
|---|---|---|---|---|---|---|
| SEI dan entitas anaknya | | | | | | *SEI and its subsidiary* |
| 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 | 21,178,402 | 6,541,567 | - | - | 27,719,969 | *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 obsolence* |
| Aset tetap | (226,343,299) | (16,013,759) | - | - | (242,357,058) | *Fixed assets* |
| Liabilitas pajak tangguhan | (91,430,864) | 18,087,172 | (360,423) | (10,396,070) | (84,100,185) | *Deferred tax liabilities* |
| Aset pajak tangguhan konsolidasian | 75,598,358 | | | | 77,050,565 | *Consolidated deferred tax assets* |
| Liabilitas pajak tangguhan konsolidasian | (94,128,626) | | | | (84,645,847) | *Consolidated deferred tax liabilities* |

| | 1 Januari/ *January* 2015 | 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* 2015 | |
|---|---|---|---|---|---|
| **Perusahaan** | | | | | ***The Company*** |
| Aset pajak tangguhan | | | | | *Deferred tax assets* |
| Imbalan pascakerja dan jangka panjang lainnya | 23,417,868 | (668,581) | (4,920,472) | 17,828,815 | *Post-employment and other long-term benefits* |
| Gaji dan bonus | 7,576,164 | 140,590 | - | 7,716,754 | *Salaries and bonus* |
| Cadangan kerugian penurunan nilai | 4,888,029 | (220,030) | - | 4,667,999 | *Allowance for impairment losses* |
| Cadangan kerugian penurunan nilai persediaan | 148,154 | (28,890) | - | 119,264 | *Allowance for inventory obsolence* |
| Penyisihan aset pajak tangguhan | (5,036,183) | 248,920 | - | (4,787,263) | *Allowance for deferred tax assets* |
| Aset pajak tangguhan | 30,994,032 | (527,991) | (4,920,472) | 25,545,569 | *Deferred tax assets* |
| **Entitas anak** | | | | | ***Subsidiaries*** |
| PGASKOM | | | | | *PGASKOM* |
| Aset pajak tangguhan | | | | | *Deferred tax assets* |
| Gaji dan bonus | 48,200 | (4,734) | - | 43,466 | *Salaries and bonus* |
| Imbalan pascakerja dan jangka panjang lainnya | 44,170 | 11,309 | 7,296 | 62,775 | *Post-employment and other long-term benefits* |
| Cadangan kerugian penurunan nilai persedian | 13,227 | (3,015) | - | 10,212 | *Allowance for inventory obsolence* |
| Aset tetap | (10,494) | 289 | - | (10,205) | *Fixed assets* |
| Aset pajak tangguhan | 95,103 | 3,849 | 7,296 | 106,248 | *Deferred tax assets* |
| **Entitas anak** | | | | | ***Subsidiaries*** |
| PGASSOL | | | | | *PGASSOL* |
| Aset pajak tangguhan | | | | | *Deferred tax assets* |
| Aset tetap | 313,352 | (138,607) | - | 174,745 | *Fixed assets* |
| Gaji dan bonus | 150,705 | 523,278 | - | 673,983 | *Salaries and bonus* |
| Imbalan pascakerja dan jangka panjang lainnya | 67,216 | 995 | 11,289 | 79,500 | *Post-employment and other long-term benefits* |
| Aset pajak tangguhan | 531,273 | 385,666 | 11,289 | 928,228 | *Deferred tax assets* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/106 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 22. PERPAJAKAN (lanjutan) / *22. TAXATION (continued)*

### d. Pajak tangguhan (lanjutan) / *d. Deferred tax (continued)*

| | 1 Januari/ *January* 2015 | Dibebankan/ (dikreditkan) pada laporan laba-rugi konsolidasian/ *Charged/ (credited) to consolidated statements of income* | Dibebankan/ (dikreditkan) pada penghasilan komprehensif lain/*Charged/ (credited) to other comprehensive income* | 31 Desember/ *December* 2015 | |
|---|---|---|---|---|---|
| GEI | | | | | *GEI* |
| Aset pajak tangguhan | | | | | *Deferred tax assets* |
| Gaji dan bonus | 232,844 | (66,206) | - | 166,638 | *Salaries and bonus* |
| Imbalan pascakerja dan jangka panjang lainnya | 16,253 | 9,959 | - | 26,212 | *Post-employment and other long-term benefits* |
| Cadangan kerugian penurunan nilai persediaan | 8,538 | 4,884 | - | 13,422 | *Allowance for inventory obsolence* |
| Aset pajak tangguhan | 257,635 | (51,363) | - | 206,272 | *Deferred tax assets* |
| PLI | | | | | *PLI* |
| Aset pajak tangguhan | | | | | *Deferred tax assets* |
| Rugi fiskal | 5,826,252 | 21,830,003 | - | 27,656,255 | *Fiscal loss* |
| Biaya akresi | 28,575 | 172,891 | - | 201,466 | *Acreetion cost* |
| Aset tetap | (85,324) | (150,166) | - | (235,490) | *Fixed assets* |
| Imbalan pascakerja dan jangka panjang lainnya | 7,413 | 3,995 | - | 11,408 | *Post-employment and other long-term benefits* |
| Aset pajak tangguhan | 5,776,916 | 21,856,723 | - | 27,633,639 | *Deferred tax assets* |
| PGN Property dan entitas anaknya | | | | | *PGN Property and its subsidiary* |
| Liabilitas pajak tangguhan | | | | | *Deferred tax liabilities* |
| Implementasi akuntansi sewa pembiayaan | - | (2,697,762) | - | (2,697,762) | *Implementation of finance lease accounting* |
| Liabilitas pajak tangguhan | - | (2,697,762) | - | (2,697,762) | *Deferred tax assets* |
| SEI dan entitas anaknya | | | | | *SEI and its subsidiary* |
| Aset pajak tangguhan | | | | | *Deferred tax assets* |
| Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain | - | 4,993,612 | - | 4,993,612 | *Asset abandonment and restoration obligations and other provisions* |
| *Unrecovered cost* | - | 71,111,264 | - | 71,111,264 | *Unrecovered cost* |
| Aset tetap | - | (54,926,474) | - | (54,926,474) | *Fixed assets* |
| Aset pajak tangguhan | - | 21,178,402 | - | 21,178,402 | *Deferred tax assets* |
| Liabilitas pajak tangguhan | | | | | *Deferred tax liabilities* |
| Imbalan pascakerja dan jangka panjang lainnya | 2,332,906 | (495,367) | - | 1,837,539 | *Post-employment and other long-term benefits* |
| Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain | 21,104,197 | (19,062,455) | - | 2,041,742 | *Asset abandonment and restoration obligations and other provisions* |
| *Unrecovered cost* | 84,644,874 | 45,931,583 | - | 130,576,457 | *Unrecovered cost* |
| Cadangan kerugian penurunan nilai persediaan | 456,697 | - | - | 456,697 | *Allowance for inventory obsolence* |
| Aset tetap | (250,666,794) | 24,323,495 | - | (226,343,299) | *Fixed assets* |
| Liabilitas pajak tangguhan | (142,128,120) | 50,697,256 | - | (91,430,864) | *Deferred tax liabilities* |
| Aset pajak tagguhan konsolidasian | 37,654,959 | | | 75,598,358 | *Consolidated deferred tax assets* |
| Liabilitas pajak tagguhan konsolidasian | (142,128,120) | | | (94,128,626) | *Consolidated deferred tax liabilities* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/107 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**22. PERPAJAKAN** (lanjutan)

**d. Pajak tangguhan** (lanjutan)

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.

***22. TAXATION** (continued)*

***d. Deferred tax** (continued)*

*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**

Pada tanggal 31 Desember 2016 dan 2015, 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.

***e. Tax losses***

*As at December 31, 2016 and 2015, 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.*

| 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 |
| | | 112,711,477 | 28,177,871 | (2,538,259) | 25,639,612 |

**22. PERPAJAKAN** (lanjutan)

**f. Surat Ketetapan Pajak ("SKP")**

**Perusahaan**

Pada tanggal 27 Januari 2017, Perusahaan menerima Surat Tagihan Pajak ("STP") dan Surat Ketetapan Pajak Kurang Bayar ("SKPKB") sebagai berikut:

***22. TAXATION** (continued)*

***f. Tax Assessment Letters ("SKP")***

***The Company***

*On January 27, 2017, the Company received Tax Collection Letter ("STP") and Tax Underpayment Decision Letter ("SKPKB") as follows:*

| 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* | 2012 | SKPKB | Januari/ *January* 2017 | 3,260,811 | 242,692,187 | Dalam proses pengajuan keberatan/ *In objection process* |
| PPN atas penjualan gas bumi/*VAT for gas sales* | 2012 | STP | Januari/ *January* 2017 | 441,126 | 32,831,575 | Dalam proses pengajuan keberatan/ *In objection process* |
| PPN atas jasa luar negeri/*VAT for foreign services* | 2012 | SKPKB | Januari/ *January* 2017 | 2,478 | 184,417 | Dalam proses pengajuan keberatan/ *In objection process* |
| PPN WAPU/ *VAT WAPU* | 2012 | SKPKB | Januari/ *January* 2017 | 13,399 | 997,220 | Dalam proses pengajuan keberatan/ *In objection process* |

Perusahaan tidak menyetujui SKP dan STP di atas. Perusahaan berpendapat bahwa penjualan gas bumi yang dilakukan Perusahaan bukan merupakan obyek PPN. Pada tanggal 19 Agustus 2009, Perusahaan menerima surat dari Kantor Pelayanan Pajak Ban Usaha Milik Negara No. S-470/WPJ.19/KP.0307/2009, 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.

*The Company do not agree with those SKPKB and STP above. The Company is in the opinion that gas sales is not a VAT object. On 19 August 2009, The Company has received a letter from Kantor Pelayanan Pajak Badan Usaha Milik Negara No. S-470.WPJ.19/KP.0307/2009 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.*

Sampai dengan tanggal diterbitkannya laporan keuangan konsolidasian ini, Perusahaan masih dalam proses pengajuan keberatan atas SKPKB dan STP tersebut.

*As at the date of these consolidated financial statements, the Company is still in process to submit the objection for the related SKPKB and STP.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/109 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**22. PERPAJAKAN** (lanjutan)

**f. Surat Ketetapan Pajak ("SKP")** (lanjutan)

**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)*

***SEI***

*During the reporting period, SEI through the subsidiaries has received several Tax Underpayment Decision Letter ("SKPKB") as follows:*

| Perusahaan/ *Company* | 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* |
|---|---|---|---|---|---|---|---|
| SIP BV | PPh Pasal 26 (4)/ *Income tax article 26 (4)* | 2013 | SKPKB | 18 Nov 2015 | 474,058 | 35,282,679 | Keberatan/ *Objection* |
| 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 | Keberatan/ *Objection* |
| 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 | Keberatan/ *Objection* |
| 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 konsolidasian ini, manajemen masih dalam proses keberatan dan banding atas SKPKB tersebut. Pada tanggal 31 Desember 2016, Perusahaan telah mencatat akrual sebesar USD41.448.092 sebagai dampak dari SKPKB yang telah diterima.

*As at the date of these consolidated financial statements, management is still in appeal and objection process for the related SKPKB. As at December 31, 2016, the Company has recorded accrual in amount of USD41,448,092 as an impact of the received SKPKB.*

**22. PERPAJAKAN** (lanjutan)

**g. Pemeriksaan pajak**

Pada tanggal 28 Desember 2016, Perusahaan menerima Surat Pemberitahuan Hasil Pemeriksaan ("SPHP") sebagai berikut:

***22. TAXATION** (continued)*

***g. Tax audit***

*On December 28, 2016, the Company received Tax Audit Result Notification Letter ("SPHP") and Tax as follow:*

| Beban pajak terkait/ *Related tax expense* | Tahun pajak/ *Fiscal year* | Surat yang diterima /*Letter* received | Periode surat diterima/ *Period of letter received* | Jumlah kurang bayar termasuk sanksi (dalam jutaan Rupiah)/ *Amount of underpayment including penalty (in million Rupiah)* | Jumlah kurang bayar termasuk sanksi (dalam Dolar AS)/ *Amount of underpayment including penalty (in USD)* | Status/*Status* |
|---|---|---|---|---|---|---|
| PPh Pasal 25/*Income tax article 25* | 2013 | SPHP | Desember/ *December* 2016 | 399,102 | 29,703,937 | Dalam proses pengajuan pembahasan/ *In discussion process* |
| PPh Pasal 21/*Income tax article 21* | 2013 | SPHP | Desember/ *December* 2016 | 25,133 | 1,870,573 | Dalam proses pengajuan pembahasan/ *In discussion process* |
| PPh Pasal 22/*Income tax article 22* | 2013 | SPHP | Desember/ *December* 2016 | 32,510 | 2,419,631 | Dalam proses pengajuan pembahasan/ *In discussion process* |
| PPh Pasal 4(2)/*Income tax article 4(2)* | 2013 | SPHP | Desember/ *December* 2016 | 2,334 | 173,689 | Dalam proses pengajuan pembahasan/ *In discussion process* |
| PPh Pasal 26/*Income tax article 26* | 2013 | SPHP | Desember/ *December* 2016 | 3 | 242 | Dalam proses pengajuan pembahasan/ *In discussion process* |
| PPh atas penjualan gas bumi/ *VAT for gas sales* | 2013 | SPHP | Desember/ *December* 2016 | 1,452,241 | 108,085,777 | Dalam proses pengajuan pembahasan/ *In discussion process* |
| PPN WAPU/ *VAT WAPU* | 2013 | SPHP | Desember/ *December* 2016 | 105,939 | 7,884,743 | Dalam proses pengajuan pembahasan/ *In discussion process* |
| PPN atas jasa luar negri/*VAT for foreign services* | 2013 | SPHP | Desember/ December 2016 | 2,185 | 162,588 | Dalam proses pengajuan pembahasan/ *In discussion process* |

Sampai dengan tanggal diterbitkannya laporan keuangan konsolidasian ini, Perusahaan masih dalam proses diskusi dengan Kantor Pajak terkait hasil pemeriksaan audit pajak tersebut. Perusahaan telah mencatat hutang pajak atas sebagian hasil pemeriksaan audit pajak yang telah dianggap sesuai dan disetujui oleh Manajemen berikut sanksinya sebesar USD5.527.440.

*As at the date of these consolidated financial statements, the Company is still in discussion process with the Tax Office regarding the result of the tax audit. The Company has recorded taxes payable for a part of the tax audit result including its penalty which has deemed and agreed as appropriate by the Management amount to USD5,527,440.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/111 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 23. IMBALAN KERJA / *23. EMPLOYEE BENEFITS*

a. Gaji dan bonus karyawan / *a. Employees' salaries and bonus*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Gaji dan bonus karyawan** (2016: Rp 510.632.350.760; 2015: Rp 481.978.607.775) | 38,004,791 | 34,938,645 | ***Employees' salaries and bonus*** *(2016: Rp510,632,350,760; 2015: Rp481,978,607,775)* |

Bonus karyawan pada tanggal 31 Desember 2016 dan 2015 merupakan akrual bonus untuk karyawan masing-masing sebesar Rp444.707.252.151 dan Rp425.810.513.310 untuk Perusahan dan masing-masing sebesar Rp76.568.817.564 dan Rp56.168.094.465 untuk entitas anak.

*Employees' bonus as of December 31, 2016 and 2015 represent bonus accrual for employees amounting to Rp 444,707,252,151 and Rp425,810,513,310, respectively for the Company and Rp76,568,817,564 and Rp56,168,094,465, 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.

*The Company also decided to 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.*

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 2016 dan 2015, beban pensiun yang dibebankan pada operasi adalah masing-masing sebesar USD1.684.014 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. Both the Pension Plan was established based on the approval from the Ministry of Finance in its Decision Letter No. KEP.1100/KM.17/1998, No. KEP.231/KM.17/1994 and No. KEP.184/KM.17/1995. The fund is contributed by both employees and the Company with contribution of 5% and 15%, respectively, of the basic pension income. As at December 31, 2016 and 2015, pension expense charged to operations amounted to USD1,684,014 and USD1,426,771, respectively.*

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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 2016 dan 2015 dihitung masing-masing oleh PT Mercer Indonesia dan PT Sienco Aktuarindo Utama aktuaris independen melalui laporannya tertanggal 24 Januari 2017 dan 6 Januari 2016.

Saldo kewajiban imbalan kerja yang diakui pada laporan posisi keuangan adalah sebagai berikut:

***23. EMPLOYEE BENEFITS** (continued)*

*d. Long-term employees' benefits*

*The Group provides long-term employees' benefits to its employee in accordance with the Collective Labor Agreement as compared with benefits under Labor Law No. 13/2003 (Law No. 13/2003), and provide whichever is higher. The benefits are unfunded.*

*The post-employment benefits obligation as at December 31, 2016 and 2015 were calculated respectively by PT Mercer Indonesia and PT Sienco Aktuarindo Utama, independent actuaries, as set out in their reports dated January 24, 2017 and January 6, 2016.*

*Balance of employee benefits obligation recognised in the statements of financial position are as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Imbalan pascakerja | 92,200,078 | 91,388,718 | *Post-employment benefit* |
| Imbalan kerja jangka panjang lainnya | 15,493,304 | 4,220,116 | *Other long-term employment benefits* |
| | 107,693,382 | 95,608,834 | |
| Dikurangi: | | | *Deducted by:* |
| Bagian jangka pendek | (13,322,661) | (17,765,557) | *Current portion* |
| Bagian jangka panjang | 94,370,721 | 77,843,277 | *Long-term portion* |

Beban imbalan kerja yang diakui pada laporan laba rugi adalah sebagai berikut:

*Employee benefits expenses recognised in the statements of profit or loss are as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Imbalan pascakerja | 10,281,988 | 1,469,864 | *Post-employment benefit* |
| Imbalan kerja jangka panjang lainnya | 16,092,135 | 1,027,415 | *Other long-term employment benefits* |
| | 26,374,123 | 2,497,279 | |

Pengukuran kembali kewajiban imbalan kerja yang diakui sebagai beban/penghasilan komprehensif lainnya adalah sebagai berikut:

*Remeasurement of employee benefit obligation recognised as other comprehensive income/loss are as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Imbalan pascakerja | (2,423,979) | (26,046,360) | *Post-employment benefit* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/113 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**23. IMBALAN KERJA** (lanjutan)

***23. EMPLOYEE BENEFITS** (continued)*

e. Imbalan kerja jangka panjang (lanjutan)

*e. Long-term employees' benefits (continued)*

i. Imbalan pascakerja

*i. Post-employment benefit*

Mutasi kewajiban imbalan pasti selama periode berjalan adalah sebagai berikut:

*The movement in the post-employment benefit over the period is as follows:*

| | Nilai kini kewajiban/ *Present value obligation* | Nilai wajar aset program/ *Fair value of plan assets* | Jumlah/ *Total* | Dampak atas persyaratan pendanaan pembatasan aset/ *Impact of minimum funding requirement assets ceiling* | Jumlah/ *Total* | |
|---|---|---|---|---|---|---|
| **Per 1 Januari 2015** | 121,361,488 | - | 121,361,488 | - | 121,361,488 | ***As at January 1, 2015*** |
| Diakui pada laporan laba-rugi: | | | | | | *Recognised in the profit or loss:* |
| - Biaya jasa kini | 5,916,093 | - | 5,916,093 | - | 5,916,093 | *Current service cost* |
| - Biaya jasa lalu | (5,291) | - | (5,291) | - | (5,291) | *Past service cost* |
| - Rugi/(laba) selisih kurs | (13,648,696) | 45,998 | (13,602,698) | - | (13,602,698) | *Foreign exchange loss/(gain)* |
| - Laba aset program | - | 4,372 | 4,372 | - | 4,372 | *Return on plan assets* |
| - Biaya bunga | 9,219,031 | (61,643) | 9,157,388 | - | 9,157,388 | *Interest expense* |
| | 1,481,137 | (11,273) | 1,469,864 | - | 1,469,864 | |
| Pengukuran kembali diakui sebagai pendapatan komprehensif lainnya, akibat: | | | | | | *Remeasurement recognised as other comprehensive income, due to:* |
| - Perubahan asumsi keuangan | (21,558,537) | - | (21,558,537) | - | (21,558,537) | *Changes in financial assumptions* |
| - Penyesuaian pengalaman | (4,487,823) | - | (4,487,823) | - | (4,487,823) | *Experience adjustment* |
| | (26,046,360) | - | (26,046,360) | - | (26,046,360) | |
| Pembayaran manfaat oleh: | | | | | | *Benefit paid by:* |
| - Grup | (3,722,290) | - | (3,722,290) | - | (3,722,290) | *The Group* |
| - Aset program | (177,759) | 177,759 | - | - | - | *Plan assets* |
| | (3,900,049) | 177,759 | (3,722,290) | - | (3,722,290) | |
| Kontribusi | - | (1,673,984) | (1,673,984) | - | (1,673,984) | *Contibution* |
| **Per 31 Desember 2015** | 92,896,216 | (1,507,498) | 91,388,718 | - | 91,388,718 | ***As at December 31, 2015*** |
| Diakui pada laporan laba-rugi: | | | | | | *Recognised in the profit or loss:* |
| - Biaya jasa kini | 461,357 | - | 461,357 | - | 461,357 | *Current service cost* |
| - Biaya jasa lalu | - | - | - | - | - | *Past service cost* |
| - Rugi/(laba) selisih kurs | 2,501,580 | (30,575) | 2,471,005 | - | 2,471,005 | *Foreign exchange loss/(gain)* |
| - Laba aset program | - | 14,056 | 14,056 | - | 14,056 | *Return on plan assets* |
| - Biaya bunga | 7,444,766 | (109,196) | 7,335,570 | - | 7,335,570 | *Interest expense* |
| | 10,407,703 | (125,715) | 10,281,988 | - | 10,281,988 | |
| Pengukuran kembali diakui sebagai pendapatan komprehensif lainnya, akibat: | | | | | | *Remeasurement recognised as other comprehensive income, due to:* |
| - Perubahan asumsi keuangan | 2,790,911 | - | 2,790,911 | - | 2,790,911 | *Changes in financial assumptions* |
| - Penyesuaian Pengalaman | (5,214,890) | - | (5,214,890) | - | (5,214,890) | *Experience adjustment* |
| | (2,423,979) | - | (2,423,979) | - | (2,423,979) | |
| Pembayaran manfaat oleh: | | | | | | *Benefit paid by plan:* |
| - Grup | (8,679,757) | - | (8,679,757) | - | (8,679,757) | *The Group* |
| - Aset program | (637,539) | 637,539 | - | - | - | *Plan assets* |
| | (9,317,296) | 637,539 | (8,679,757) | - | (8,679,757) | |
| Kontribusi | - | (1,530,992) | (1,530,992) | - | (1,530,992) | *Contibution* |
| Kenaikan akibat akuisisi | 3,164,100 | - | 3,164,100 | - | 3,164,100 | *Increase due to acquisition* |
| **Per 31 Desember 2016** | 94,726,744 | (2,526,666) | 92,200,078 | - | 92,200,078 | ***As at December 31, 2016*** |

**23. IMBALAN KERJA** (lanjutan)

e. Imbalan kerja jangka panjang (lanjutan)

i. Imbalan pascakerja (lanjutan)

Berikut asumsi pokok aktuari yang digunakan:

***23. EMPLOYEE BENEFITS** (continued)*

*e. Long-term employees' benefits (continued)*

*i. Post-employment benefit (continued)*

*Below are the assumptions used:*

| | **31 Desember/ *December* 2016** | **31 Desember/ *December* 2015** | |
|---|---|---|---|
| Tingkat bunga aktuaria | 8.50% per tahun/ *per annum* | 9.10% 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:

*Sensitivity of the overall pension liability to changes in the discount rate and salary increase rate assumptions is as follows:*

| | **Perubahan asumsi/ *Change in assumptions*** | **Dampak terhadap liabilitas secara keseluruhan/*Impact on overall liability*** | |
|---|---|---|---|
| **31 Desember 2016** | | | ***December 31, 2016*** |
| Tingkat diskonto | kenaikan/*increase by* 1% | turun/*decrease by* USD98 juta/*million* | *Discount rate* |
| | penurunan/*decrease by* 1% | naik/*increase by* USD86 juta/*million* | |
| Tingkat pertumbuhan gaji | kenaikan/*increase by* 1% | naik/*increase by* USD85 juta/*million* | *Salary increase rate* |
| | penurunan/*decrease by* 1% | turun/*decrease by* USD99 juta/*million* | |
| **31 Desember 2015** | | | ***December 31, 2015*** |
| Tingkat diskonto | kenaikan/*increase by* 1% | turun/*decrease by* USD75 juta/*million* | *Discount rate* |
| | penurunan/*decrease by* 1% | naik/*increase by* USD88 juta/*million* | |
| Tingkat pertumbuhan gaji | kenaikan/*increase by* 1% | naik/*increase by* USD88 juta/*million* | *Salary increase rate* |
| | penurunan/*decrease by* 1% | turun/*decrease by* USD74 juta/*million* | |

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.

*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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/115 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**23. IMBALAN KERJA** (lanjutan)

e. Imbalan kerja jangka panjang (lanjutan)

ii. Imbalan jangka panjang lainnya

Mutasi kewajiban imbalan jangka panjang lainnya selama tahun berjalan adalah sebagai berikut:

**23. *EMPLOYEE BENEFITS*** *(continued)*

*e. Long-term employees' benefits (continued)*

*ii. Other long-term benefit*

*The movement in the other long-term benefit over the year is as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Saldo awal** | 4,220,116 | 4,585,624 | ***Beginning balance*** |
| Beban diakui pada laporan laba rugi: | | | *Employee benefit expenses recognised in the profit and loss:* |
| - Biaya jasa kini | 14,987,481 | 1,399,431 | *Current service cost* - |
| - Biaya jasa lalu | 972,598 | 27,888 | *Past service cost* - |
| - Biaya bunga | 1,561,828 | 292,867 | *Interest expense* - |
| - Rugi/(laba) selisih kurs | 8,895 | (450,929) | *Foreign exchange loss/(gain)* - |
| - Pengukuran kembali | | | *Remeasurement* - |
| Perubahan asumsi keuangan | 810,663 | - | *Changes in financial assumptions* |
| Penyesuaian pengalaman | (2,249,330) | (241,842) | *Experience adjustment* |
| | 16,092,135 | 1,027,415 | |
| Penurunan karena transfer | (475,575) | - | *Decrease due to transfer* |
| Kenaikan karena kombinasi bisnis | 48,077 | - | *Increase due to combination* |
| Pembayaran manfaat oleh Grup | (4,391,449) | (1,392,923) | *Benefit paid by the Group* |
| Saldo akhir | 15,493,304 | 4,220,116 | *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:*

| | Perubahan asumsi/ *Change in assumptions* | Dampak terhadap liabilitas secara keseluruhan/*Impact on overall liability* | |
|---|---|---|---|
| **31 Desember 2016** | | | ***31 December 2016*** |
| Tingkat diskonto | kenaikan/*increase by* 1%<br>penurunan/*decrease by* 1% | turun/*decrease by* USD16 juta/*million*<br>naik/*increase by* USD15 juta/*million* | *Discount rate* |
| Tingkat pertumbuhan gaji | kenaikan/*increase by* 1%<br>penurunan/*decrease by* 1% | naik/*increase by* USD14 juta/*million*<br>turun/*decrease by* USD16 juta/*million* | *Salary increase rate* |
| **31 Desember 2015** | | | ***31 December 2015*** |
| Tingkat diskonto | kenaikan/*increase by* 1%<br>penurunan/*decrease by* 1% | turun/*decrease by* USD9 juta/*million*<br>naik/*increase by* USD10 juta/*million* | *Discount rate* |
| Tingkat pertumbuhan gaji | kenaikan/*increase by* 1%<br>penurunan/*decrease by* 1% | naik/*increase by* USD10 juta/*million*<br>turun/*decrease by* USD9 juta/*million* | *Salary increase rate* |

**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.

PGN Property, Sena, Widar, Perkasa dan KJG tidak membentuk cadangan imbalan pascakerja, karena jumlahnya tidak material.

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 employees' 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.*

*PGN Property, Sena, Widar, Perkasa, and KJG did not provide for employee benefit liability, since the amount is immaterial.*

*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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/117 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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:

***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/ *Less than one year* | 1 sampai 5 tahun/ *Between 1 - 5 years* | Lebih dari 5 tahun/ *More than 5 years* | |
|---|---|---|---|---|
| Imbalan pascakerja | 9,563,968 | 39,333,955 | 43,996,957 | *Post-employment benefit* |
| Imbalan jangka panjang lainnya | 1,347,212 | 9,154,312 | 10,562,028 | *Other long-term benefit* |
| Jumlah | 10,911,180 | 48,488,267 | 54,558,985 | *Total* |

Rata-rata tertimbang durasi program

Rata-rata tertimbang durasi kewajiban untuk manfaat imbalan pascakerja dan imbalan jangka panjang lainnya adalah 8 tahun.

*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 :

***24. ASSET ABANDONMENT AND SITE RESTORATION OBLIGATIONS***

*The movement in site restoration and abandonment obligations are presented below :*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Saldo awal | 65,360,273 | 104,340,970 | *Beginning balance* |
| Penambahan tahun berjalan | 5,978,245 | 100,582 | *Addition during the year* |
| Pembalikan pada tahun berjalan | (8,554,152) | (42,301,419) | *Reversal during the year* |
| Beban akresi | 2,442,815 | 3,220,140 | *Accretion cost* |
| | 65,227,181 | 65,360,273 | |
| Rekening yang dicadangkan | (38,920,871) | (33,824,965) | *Escrow account* |
| Saldo akhir, neto | 26,306,310 | 31,535,308 | *Ending balance, net* |

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.

*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.*

Rekening yang dicadangkan di atas ditempatkan di Bank Mandiri untuk mendanai liabilitas pembongkaran aset dan restorasi area sehubungan dengan operasi minyak dan gas.

*The above escrow accounts are placed in Bank Mandiri for the funding of abandonment and site restoration obligations relating to oil and gas operations.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***



**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 25. INSTRUMEN KEUANGAN DERIVATIF / *25. DERIVATIVE FINANCIAL INSTRUMENTS*

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:

*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:*

| Nilai nosional (dalam JPY)/ *Notional amount (in JPY)* | Nilai tukar (USD/JPY)/ *Exchange rate (USD/JPY)* | Penerimaan kupon/ *Coupon received* | Pembayaran bunga/ *Interest paid* |
|---|---|---|---|
| 16,183,509,787 | Pertukaran mata uang hanya akan dilakukan apabila nilai tukar berada pada atau di bawah 121,5/ *Currency swap will only be executed if the exchange rate is at or below 121.5* | 35% dari jumlah bunga JPY yang disepakati sesuai jadwal kontrak/ *35% from agreed JPY interest amount per contract schedule* | a. Bunga 0% dari nilai nosional mulai dari 15 Oktober 2006 sampai 15 Oktober 2008; dan<br>b. Dari 15 Oktober 2008 sampai 15 Maret 2019, jumlah maksimum antara:<br>1. 0%; atau<br>2. (*Strike rate* – Tingkat rata-rata nilai tukar JPY)% dari nilai nosional/<br>*a. Interest 0% from April 15, 2006 until October 15, 2008 from notional amount; and*<br>*b. From October 15, 2008 until March 15, 2019, maximum amount of:*<br>*1. 0%; or*<br>*2. (Strike rate – Average fixing rate of JPY) % from notional amount* |

Pada tanggal 19 Agustus 2008, Perusahaan mengadakan perubahan kontrak *cross currency swap* menjadi sebagai berikut:

*On August 19, 2008, the Company entered into an amendment of the cross currency swap contract with RBS as follow:*

| Nilai nosional (dalam JPY)/ *Notional amount (in JPY)* | Nilai tukar (USD/JPY)/ *Exchange rate (USD/JPY)* | Penerimaan kupon/ *Coupon received* | Pembayaran bunga/ *Interest paid* |
|---|---|---|---|
| 16,183,509,787 | Pertukaran mata uang hanya akan dilakukan apabila nilai tukar berada pada atau di bawah 121,5 per 1 Dollar/ *Currency swap will only be executed if the exchange rate is at or below 121.5 for each 1 US Dollar* | 35% dari jumlah bunga JPY yang disepakati sesuai jadwal kontrak/ *35% from agreed JPY interest amount per contract schedule* | a. Bunga 0% dari nilai nosional mulai dari 15 Oktober 2006 sampai 15 Oktober 2008; dan<br>b. Dari 15 Oktober 2008 sampai 15 Maret 2019, jumlah maksimum antara:<br>1. 0%; atau<br>2. (*Strike rate* – Tingkat rata-rata nilai tukar JPY)% dari nilai nosional<br>c. 5% dari jumlah nosional dikali dengan jumlah hari dimana tingkat *Constant Maturity Swap* untuk 10 tahun berada diluar rentang tertentu dibagi dengan jumlah hari dalam kalendar/<br>*a. Interest 0% from April 15, 2006 until October 15, 2008 from notional amount; and*<br>*b. From October 15, 2008 until March 15, 2019, maximum amount of:*<br>*1. 0%; or*<br>*2. (Strike rate - Average fixing rate of JPY)% from notional amount*<br>*c. 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* |

Pada tanggal 31 Desember 2015 dan 31 Desember 2016, nilai wajar dari utang derivatif adalah sebagai berikut:

*As at December 31, 2015 and December 31, 2016, the fair value of the derivative payable is as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Utang derivatif | 8,828,746 | 11,330,750 | *Derivative payable* |

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.

*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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/119 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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 USD4.526.823 dan USD6.656.089 diakui pada laba rugi pada tahun yang berakhir pada 31 Desember 2016 dan 2015.

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 USD4,526,823 and USD6,656,089 were recognised in the profit or loss for the years ended December 31, 2016 and 2015, respectively.*

*These transaction do not meet the hedge accouting 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:*

| | 31 Desember/*December* 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 | | | | *Serie A Dwiwarna Share* |
| Pemerintah Indonesia | 1 | 0.00% | - | *Government of Indonesia* |
| Saham Biasa (Seri B) | | | | *Common Stock (B Shares)* |
| Pemerintah Indonesia | 13,809,038,755 | 56.97% | 195,968,391 | *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* |

| | 31 Desember/*December* 2015 | | | |
|---|---|---|---|---|
| **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 | | | | *Serie A Dwiwarna Share* |
| Pemerintah Indonesia | 1 | 0.00% | - | *Government of Indonesia* |
| Saham Biasa (Seri B) | | | | *Common Stock (B Shares)* |
| Pemerintah Indonesia | 13,809,038,755 | 56.97% | 195,968,391 | *Government of Indonesia* |
| Hendi Kusnadi (Direktur) | 140,500 | 0.00% | 1,994 | *Hendi Kusnadi (Director)* |
| Djoko Saputro (Direktur) | 30,000 | 0.00% | 426 | *Djoko Saputro (Director)* |
| Lain-lain (Masing-masing kepemilikan di bawah 5%) | 10,430,448,940 | 43.03% | 148,021,765 | *Others (Each holding below 5%)* |
| Jumlah saham beredar | 24,239,658,196 | 100.00% | 343,992,576 | *Total shares outstanding* |
| Saham treasuri | 1,850,000 | 0.00% | 26,255 | *Treasury stocks* |
| Jumlah saham ditempatkan dan disetor penuh | 24,241,508,196 | 100.00% | 344,018,831 | *Number of shares issued and fully paid* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/120 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**26. MODAL SAHAM DAN MODAL DISETOR LAINNYA** (lanjutan)

**a. Modal saham** (lanjutan)

Saham treasuri sejumlah 1.850.000 saham Seri B, telah dijual kembali seluruhnya pada bulan Maret 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.

Perubahan jumlah berikut nilai nominal saham yang beredar pada tahun 2016 dan 2015 adalah sebagai berikut:

***26. CAPITAL STOCKS AND OTHER PAID-IN CAPITAL*** *(continued)*

***a. Share capital*** *(continued)*

*Treasury stocks of 1,850,000 Seri B shares has been fully resold on March 2016.*

*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.*

*Changes in numbers and nominal value of outstanding shares in 2016 and 2015 are as follows:*

| | Jumlah lembar saham (nilai penuh)/ *Number of shares (full amount)* | Nilai nominal/*Nominal Amount* | | | | |
|---|---|---|---|---|---|---|
| | | Saham biasa/ *Ordinary shares* | Modal disetor lainnya/ *Other paid-in capital* | Saham treasuri/ *Treasury shares* | Jumlah/ *Total* | |
| **1 Januari 2015** | **24,239,658,196** | **344,018,831** | **284,339,313** | **(251,054)** | **628,107,090** | ***January 1, 2015*** |
| Penjualan saham treasuri | - | - | - | - | - | *Sale of treasury stocks* |
| **31 Desember 2015** | **24,239,658,196** | **344,018,831** | **284,339,313** | **(251,054)** | **628,107,090** | ***December 31, 2015*** |
| 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*** |

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**

Modal disetor lainnya terdiri dari:

***b. Other paid-in capital***

*Other paid-in capital consists of:*

| | 31 Desember/ *December* 2016 dan/*and* 31 Desember/ *December* 2015 | |
|---|---|---|
| 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 sepengendali | (35,301,649) | *Difference arising from transactions among entities under common control* |
| Biaya emisi saham | (9,790,532) | *Share issue costs* |
| | 284,339,313 | |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/121 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 27. KEPENTINGAN NONPENGENDALI / *NON-CONTROLLING INTERESTS*

Rincian kepentingan nonpengendali atas ekuitas dan bagian atas hasil bersih entitas anak yang dikonsolidasi adalah sebagai berikut:

*Details of non-controlling interests in the equity and share of results of consolidated subsidiaries are as follows:*

| | 2016 | | | | | |
|---|---|---|---|---|---|---|
| | Saldo awal/ *Beginning balance* | Bagian dari laba rugi/ *Share of profit and loss* | Perubahan ekuitas lainnya/ *Other equity movement* | Pembayaran dividen/ *Payment of dividend* | Saldo akhir/ *Ending balance* | |
| 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* |
| **Total** | **2,447,929** | **4,259,495** | **319,771** | **(8,570)** | **7,018,625** | ***Total*** |

| | 2015 | | | | |
|---|---|---|---|---|---|
| | Saldo awal/ *Beginning balance* | Bagian dari laba rugi/ *Share of profit and loss* | Perubahan ekuitas lainnya/ *Other equity movement* | Saldo akhir/ *Ending balance* | |
| PGASKOM | (240) | 1,530 | 836 | 2,126 | *PGASKOM* |
| PGASSOL | 21,202 | 42,108 | (137,798) | (74,488) | *PGASSOL* |
| PGN Property | 8,616 | 1,515,386 | 996,289 | 2,520,291 | *PGN Property* |
| **Total** | **29,578** | **1,559,024** | **859,327** | **2,447,929** | ***Total*** |

## 28. PENCADANGAN SALDO LABA DAN PEMBAGIAN LABA / *APPROPRIATIONS OF RETAINED EARNINGS AND DISTRIBUTIONS OF INCOME*

Mengacu kepada Undang-Undang Perseroan Terbatas, Grup diwajibkan untuk menyisihkan cadangan wajib paling sedikit sebesar 20% dari jumlah saham ditempatkan dan disetor penuh.

*Under Indonesian Limited Company Law, the Group is required to set up a statutory reserve amounting to at lease 20% of the Group's issued and paid-in capital.*

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:

*Based on the Minutes of the Company's Annual General Shareholders' Meeting held on April 8, 2016 which were notarized with Notarial Deed No. 33 of Notary Fathiah Helmi, S.H., dated April 8, 2016, the shareholders ratified the following decisions, as follows:*

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. 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.

*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 utilized 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.*

**28. PENCADANGAN SALDO LABA DAN PEMBAGIAN LABA** (lanjutan)

2. Kepada Direksi diberikan wewenang untuk mengatur lebih lanjut tata cara pembagian dividen tersebut dan mengumumkannya dengan memperhatikan peraturan dan perundangan yang berlaku.

Berdasarkan Risalah Rapat Umum Pemegang Saham Tahunan yang diadakan pada tanggal 8 April 2015 yang diaktakan dengan Akta Notaris No. 22 dari Notaris Fathiah Helmi S.H., tanggal 8 April 2015, 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 2014 berjumlah sebesar USD722.754.065 diperuntukkan sebagai berikut:

   a. Pembagian dividen tunai sebesar Rp3.510.872.093.109 (setara dengan USD271.277.398) atau Rp144,84 per saham kepada pemegang saham;

   b. Sisanya akan dicatat sebagai cadangan.

2. Kepada Direksi diberikan wewenang untuk mengatur lebih lanjut tata cara pembagian dividen tersebut dan mengumumkannya dengan memperhatikan peraturan dan perundangan yang berlaku.

***28. APPROPRIATIONS OF RETAINED EARNINGS AND DISTRIBUTIONS OF INCOME*** *(continued)*

*2. To give authority to the Board of Directors to prepare and publish the cash dividends distribution procedures with consideration of the prevailing laws and regulations.*

*Based on the Minutes of the Company's Annual General Shareholders' Meeting held on April 6, 2015 which were notarized with Notarial Deed No. 22 of Notary Fathiah Helmi, S.H., dated April 8, 2015, 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 2014 in the amount of USD722,754,065 to be utilized as follows:*

   *a. Distribution of cash dividends of Rp3,510,872,093,109 (equivalent to USD271,277,398) or Rp144.84 per share to shareholders;*

   *b. The remaining amount will be appropriated as reserve.*

*2. To give authority to the Board of Directors to prepare and publish the cash dividends distribution procedures with consideration of the prevailing laws and regulations.*

**29. PENDAPATAN NETO** / ***29. NET REVENUES***

Akun ini terdiri dari: / *This account consists of:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Pihak berelasi** | | | ***Related parties*** |
| Distribusi gas | 591,879,068 | 762,128,449 | *Gas distribution* |
| Penjualan minyak dan gas | 142,967,483 | 103,720,430 | *Oil and gas sales* |
| Konstruksi | - | 151,711,904 | *Construction* |
| Pendapatan keuangan dari sewa pembiayaan | 62,652,432 | 22,900,843 | *Finance income from finance lease* |
| Transmisi gas | 8,100,319 | 7,031,617 | *Gas transmission* |
| **Pihak ketiga** | | | ***Third parties*** |
| Distribusi gas | 1,947,565,718 | 1,850,675,104 | *Gas distribution* |
| Penjualan minyak dan gas | 171,147,478 | 159,977,062 | *Oil and gas sales* |
| Sewa fiber optik | 9,866,589 | 6,380,886 | *Fibre optic rental* |
| Lain-lain | 599,623 | 4,264,550 | *Others* |
| Jumlah pendapatan neto | 2,934,778,710 | 3,068,790,845 | *Total net revenue* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/123 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**29. PENDAPATAN NETO** (lanjutan)

***29. NET REVENUES** (continued)*

Pendapatan distribusi gas bumi terdiri dari distribusi gas kepada:

*Gas distribution consists of natural gas revenue to:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Industri | 2,490,870,949 | 2,562,760,718 | *Industrial* |
| Komersial | 41,513,341 | 43,650,062 | *Commercial* |
| Rumah Tangga | 5,587,946 | 4,171,188 | *Households* |
| Stasiun Pengisian Bahan Bakar Gas ("SPBG") | 1,472,550 | 2,221,585 | *Fuel gas filling stations ("SPBG")* |
| Total | 2,539,444,786 | 2,612,803,553 | *Total* |

Penyesuaian pendapatan merupakan koreksi faktur pelanggan melalui rekonsiliasi atas penggunaan gas antara Grup dan pelanggan.

*The revenue adjustments pertain to corrections made to customers' invoices upon reconciliation of the gas consumption between the Group and the customers.*

Penjualan minyak dan gas merupakan pendapatan atas penjualan minyak dan gas Grup dari aktivitas produksi yang diperoleh dari PSC.

*Net oil and gas sales represents Group's sales of oil and gas from exploration and production activities earned under 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.

*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.*

Sewa fiber optik merupakan pendapatan PGASKOM atas penyediaan jaringan kepada para pelanggan.

*Fibre optic rental represents PGASKOM's revenues of network services to the customers.*

Pendapatan lain-lain merupakan pendapatan PGASSOL atas penyediaan jasa konstruksi dan pemeliharaan jaringan pipa kepada pelanggannya.

*Other revenues represents PGASSOL's revenues of pipeline construction and maintenance services to the customers.*

Pendapatan neto dari pelanggan yang melebihi 10% dari jumlah pendapatan neto konsolidasian adalah pendapatan dari PLN, entitas berelasi dengan Pemerintah, masing-masing sebesar USD737.338.296 atau 21,19% dan USD941.519.706 atau 26,51% dari jumlah pendapatan neto konsolidasian untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2016 dan 2015.

*Net revenues from customer in excess of 10% of the total consolidated net revenues are revenue from PLN, Government-related entity, amounting to USD737,338,296 or 21.19% and USD941,519,706 or 26.51% from total consolidated net revenues for the years ended December 31, 2016 and 2015 respectively.*

## 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:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Distribusi gas | | | *Gas distributions* |
| Pembelian gas bumi | | | *Purchase of natural gas* |
| Pihak ketiga | 1,171,618,149 | 1,234,973,276 | *Third parties* |
| Pihak berelasi | 381,495,522 | 384,171,501 | *Related parties* |
| | 1,553,113,671 | 1,619,144,777 | |
| Operasi pertambangan minyak dan gas | | | *Oil and gas operations* |
| Beban penyusutan, deplesi dan amortisasi | 182,086,915 | 150,359,247 | *Depreciation, depletion and amortization* |
| Beban produksi dan *lifting* | 120,616,939 | 101,488,350 | *Production and lifting costs* |
| | 302,703,854 | 251,847,597 | |
| Gas alam cair | | | *Liquid natural gas* |
| Pembelian LNG | 116,356,214 | 32,843,651 | *Purchase of LNG* |
| Sewa | 56,850,885 | 61,187,097 | *Rental* |
| Penyusutan | 16,360,299 | 15,912,848 | *LNG related expenses* |
| Lain-lain | 2,453,848 | 5,165,492 | *Depreciation* |
| | 192,021,246 | 115,109,088 | |
| Konstruksi | - | 119,578,766 | *Construction* |
| Jumlah beban pokok pendapatan | 2,047,838,771 | 2,105,680,228 | *Total cost of revenues* |

Pembelian neto dari pemasok yang melebihi 10% dari jumlah pendapatan neto konsolidasi adalah pembelian dari Pertamina, entitas berelasi dengan Pemerintah, dan ConocoPhillips masing-masing sebesar USD381.495.522 atau 13,00% dan USD834.426.392 atau 28,43% dari total pendapatan neto konsolidasian untuk tahun yang berakhir 31 Desember 2016 dan pembelian dari Pertamina dan ConocoPhillips masing masing sebesar USD384.171.501 atau 12,52% dan USD874.256.578 atau 44,43% dari jumlah pendapatan neto konsolidasian untuk tahun yang berakhir 31 Desember 2015.

*Net 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 USD381,495,522 or 13.00% and USD834,426,329 or 28.43% of total consolidated net revenues for the year ended December 31, 2016, respectively, and purchases from Pertamina and ConocoPhillips amounting to USD384,171,501 or 12.52% and USD874,256,578 or 44.43% of total consolidated net revenues for the year ended December 31, 2015, respectively.*

Grup melakukan transaksi pembelian gas dengan entitas berelasi dengan Pemerintah, dengan total masing-masing sebesar 18,63% dan 18,24% dari total beban pokok pendapatan konsolidasian di atas untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2016 dan 2015.

*The Group entered into sales transactions with the Government-related entities, totalling to 18.82% and 18.63% of its consolidated cost of revenues above for the years ended December 31, 2016 and 2015, respectively.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/125 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 31. BEBAN DISTRIBUSI DAN TRANSMISI / *31. DISTRIBUTION AND TRANSMISSION EXPENSES*

Akun ini terdiri dari: / *This account consists of:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015* | |
|---|---|---|---|
| Penyusutan | 115,556,910 | 114,416,632 | *Depreciation* |
| Perbaikan dan pemeliharaan | 24,763,243 | 5,795,278 | *Repairs and maintenance* |
| Gaji, imbalan pascakerja dan jangka panjang lainnya | 23,927,688 | 16,184,362 | *Salaries, post-employment and other long-term benefits* |
| Jasa umum | 20,980,642 | 27,818,562 | *General services* |
| Iuran BPH Migas | 9,684,935 | 9,009,386 | *BPH Migas levy* |
| Sewa | 7,285,167 | 2,309,774 | *Rental* |
| Honorarium profesional | 7,922,208 | 7,669,542 | *Professional fees* |
| Bahan bakar dan bahan kimia | 3,806,776 | 5,577,174 | *Fuel and chemicals* |
| Perjalanan dinas dan transportasi | 1,147,554 | 1,331,464 | *Traveling and transportation* |
| Representasi dan jamuan | 751,667 | 1,724,254 | *Representation and entertainment* |
| Peralatan dan suku cadang | 401,769 | 1,429,315 | *Tools and spare parts* |
| Asuransi | - | 3,766,461 | *Insurance* |
| Lain-lain (masing-masing dibawah USD1.000.000) | 4,173,058 | 4,199,261 | *Others (each below USD1,000,000)* |
| Jumlah beban distribusi dan transmisi | 220,401,617 | 201,231,465 | *Total distribution and transmission expenses* |

* Direklasifikasi, lihat Catatan 45 / *As reclassified, refer to*

## 32. BEBAN ADMINISTRASI DAN UMUM / *32. GENERAL AND ADMINISTRATIVE EXPENSES*

Akun ini terdiri dari: / *This account consists of:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Gaji, imbalan pascakerja dan jangka panjang lainnya | 81,785,171 | 84,350,074 | *Salaries, post-employment and other long-term benefits* |
| Jasa umum | 32,061,904 | 12,382,576 | *General services* |
| Honorarium profesional | 17,077,114 | 14,979,851 | *Professional fees* |
| Cadangan kerugian penurunan nilai | 15,174,554 | 2,325,452 | *Allowance for impairment losses* |
| Perbaikan dan pemeliharaan | 14,312,059 | 11,732,068 | *Repairs and maintenance* |
| Sewa | 13,003,676 | 1,293,942 | *Rental* |
| Penyusutan | 11,133,130 | 13,289,534 | *Depreciation* |
| Promosi | 8,792,525 | 10,839,589 | *Promotion* |
| Tanggung jawab sosial dan bina lingkungan | 8,559,589 | 10,114,628 | *Corporate social and environmental responsibilty* |
| Pendidikan dan pelatihan | 5,261,607 | 4,205,397 | *Education and training* |
| Asuransi | 5,102,553 | 1,522,507 | *Insurance* |
| Perjalanan dinas dan transportasi | 4,343,549 | 4,053,645 | *Traveling and transportation* |
| Representasi dan jamuan | 3,399,264 | 3,328,831 | *Representation and entertainment* |
| Komunikasi | 2,147,481 | 2,225,060 | *Communications* |
| Pajak dan perizinan | 1,845,017 | 1,734,391 | *Taxes and licenses* |
| Listrik dan air | 1,619,947 | 1,356,279 | *Electricity and water* |
| Biaya bank | 1,594,228 | 2,393,552 | *Bank charges* |
| Bahan bakar dan bahan kimia | 1,271,072 | 1,024,040 | *Fuel and chemicals* |
| Peralatan kantor | 1,134,885 | 939,715 | *Office supplies* |
| Peralatan dan suku cadang | 516,562 | 2,093,246 | *Tools and spare parts* |
| Amortisasi | 475,313 | 1,496,157 | *Amortisation* |
| Lain-lain (masing-masing dibawah USD1.000.000) | 3,391,979 | 2,738,199 | *Others (each below USD1,000,000)* |
| Jumlah beban administrasi dan umum | 234,003,179 | 190,418,733 | *Total general and administrative expenses* |

## 33. BEBAN DAN PENDAPATAN KEUANGAN / *33. FINANCE COST AND INCOME*

### a. Beban keuangan / *a. Finance cost*

Akun ini terdiri dari: / *This account consists of:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Bunga utang obligasi | 86,149,509 | 84,526,339 | *Interest from bonds payable* |
| Bunga pinjaman dari penerusan pinjaman dari Pemerintah: | | | *Interest from two step loan from the Government:* |
| - JBIC | 5,113,524 | 5,172,669 | *JBIC -* |
| - IBRD | 2,496,835 | 2,586,723 | *IBRD -* |
| - EIB | 1,126,340 | 1,382,906 | *EIB -* |
| - Asian Development Bank | - | 17,545 | *Asian Development Bank -* |
| | 8,736,699 | 9,159,843 | |
| Bunga pinjaman dari pinjaman bank: | | | *Interest from bank loan:* |
| - Pinjaman sindikasi | 30,018,750 | 12,236,970 | *Syndicated loan -* |
| - BNI | 672,282 | 947,480 | *BNI -* |
| | 30,691,032 | 13,184,450 | |
| Amortisasi penyesuaian nilai wajar piutang lain-lain jangka panjang | 4,384,843 | 9,072,081 | *Amortisation for fair value adjustment of other long-term receivables* |
| Pembalikan dari efek diskonto atas provisi pembongkaran aset dan restorasi area | 2,442,815 | 3,220,140 | *The unwinding of the effect of discounting the provision of assets abandonment and area restoration* |
| Jumlah beban keuangan | 132,404,898 | 119,162,853 | *Total finance cost* |

### b. Pendapatan keuangan / *b. Finance income*

Akun ini terdiri dari: / *This account consists of:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Bunga jasa giro | 4,769,813 | 3,645,925 | *Interest of current accounts* |
| Bunga piutang *carry* | 6,423,047 | 2,828,663 | *Interest from carry receivables* |
| Bunga investasi aset tersedia untuk dijual | 4,054,759 | 3,600,698 | *Interest from investment in available-for-sale* |
| Bunga deposito | 4,892,589 | 8,090,787 | *Interest of time deposits* |
| Bunga *promissory notes* | - | 272,994 | *Interest from promissory notes* |
| | 20,140,208 | 18,439,067 | |
| Pajak terkait pendapatan keuangan | (2,302,204) | (2,218,316) | *Tax relating to finance income* |
| Jumlah pendapatan keuangan | 17,838,004 | 16,220,751 | *Total finance income* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/127 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 34. PENDAPATAN DAN BEBAN LAIN-LAIN DAN SELISIH KURS

### a. Pendapatan lain-lain

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.

Pada tahun yang berakhir 31 Desember 2015, pendapatan lain-lain terdiri dari penerimaan klaim asuransi aset tetap, pendapatan denda, pembalikan kelebihan akrual bonus tahun 2014, pembalikan kelebihan beban amortisasi pada tahun 2014 dan pendapatan lain-lain, masing-masing senilai USD36,351,754, USD19.022.148, USD8.220.563, USD4.868.326 dan USD26.073.330.

### 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)/laba selisih kurs

(Rugi)/laba 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 2016 dan 2015, 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, 2016, other income consist of income from joint operation assets, fixed assets insurance claim income, reversal of excees annual performance bonus financial year 2015, and others, amounting to USD17,462,459, USD14,073,599, USD10,187,422, and USD20,222,856, respectively.*

*During the year ended December 31, 2015, other income consist of fixed asset insurance claim income, penalty income, reversal of excess annual performance bonus accruals for financial year 2014, reversal of overstated amortisation expense for financial year 2014, and others, amounting to USD36,351,754, USD19,022,148, USD8,220,563, USD4,868,326, and USD26,073,330, 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)/gain from foreign exchange*

*(Loss)/gain 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 2016 and 2015, 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.*

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 35. LABA BERSIH PER SAHAM DASAR / *35. BASIC EARNINGS PER SHARE*

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.

*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.*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Laba bersih yang dapat diatribusikan kepada pemilik entitas induk | 304,324,421 | 401,199,880 | *Net income attributable to owners of the parent* |
| Rata-rata tertimbang jumlah saham biasa yang beredar (lembar saham) | 24,241,168,169 | 24,239,658,196 | *Weighted average number of ordinary shares outstanding (number of shares)* |
| Laba bersih per saham dasar (nilai penuh) | 0.013 | 0.017 | *Net income per share (full amount)* |

Grup tidak memiliki efek yang bersifat dilutif pada tanggal 31 Desember 2016 dan 2015.

*The Group does not have any dilutive ordinary shares at December 31, 2016 and 2015.*

## 36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN PIHAK-PIHAK BERELASI / *36. SIGNIFICANT BALANCES AND TRANSACTIONS WITH RELATED PARTIES*

Dalam kegiatan usaha normal, Grup melakukan transaksi usaha dan bukan usaha dengan pihak-pihak berelasi, yang terafiliasi dengan Grup melalui kepemilikan langsung dan tak langsung, dan/atau di bawah kendali pihak yang sama. Harga jual atau beli antara pihak-pihak berelasi ditentukan berdasarkan persyaratan yang disetujui oleh kedua belah pihak, yang mungkin tidak sama dengan transaksi lain yang dilakukan dengan pihak-pihak yang tidak berelasi.

*In the normal course of business, the Group entered into trade and other transactions with related parties, which are affiliated with the Group through equity ownership, either direct or indirect, and/or under common control. Sales or purchase price among related parties is made based on terms agreed by the parties, which may not be the same as those of the transactions between unrelated parties.*

Rincian sifat hubungan dan jenis transaksi yang signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

*The details of nature of relationship and types of significant transactions with related parties are as follows:*

| Pihak-pihak yang berelasi/ *Related parties* | Sifat hubungan dengan pihak berelasi/*Relationship with the related parties* | Transaksi/ *Transactions* |
|---|---|---|
| BTN | Dikendalikan oleh Pemerintah Pusat Republik Indonesia/*Controlled by the Central Government of the Republic of Indonesia* | Penempatan giro, penempatan deposito berjangka yang tidak dibatasi penggunaannya/*Placement of current accounts, placement of unrestricted time deposits* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/129 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN PIHAK-PIHAK BERELASI** (lanjutan)

***36. SIGNIFICANT BALANCES AND TRANSACTIONS WITH RELATED PARTIES** (continued)*

| **Pihak-pihak yang berelasi/ *Related parties*** | **Sifat hubungan dengan pihak berelasi/*Relationship with the related parties*** | **Transaksi/ *Transactions*** |
|---|---|---|
| Bank Mandiri | Dikendalikan oleh Pemerintah Pusat Republik Indonesia/*Controlled by the Central Government of the Republic of Indonesia* | Penempatan giro, penempatan deposito berjangka yang tidak dibatasi penggunaannya, penempatan kas yang dibatasi penggunannya, fasilitas *Non Cash Loan*, fasilitas *Bill Purchasing Line*, fasilitas Kredit Modal Kerja, fasilitas *Supply Chain Financing*, fasilitas *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* |
| BNI | Dikendalikan oleh Pemerintah Pusat Republik Indonesia/*Controlled by the Central Government of the Republic of Indonesia* | Penempatan giro, penempatan deposito berjangka yang tidak dibatasi penggunaannya, fasilitas kredit investasi/*Placement of current accounts, placement of unrestricted time deposits, investment credit facility* |
| BRI | Dikendalikan oleh Pemerintah Pusat Republik Indonesia/*Controlled by the Central Government of the Republic of Indonesia* | Penempatan giro, deposito berjangka yang tidak dibatasi penggunaannya, fasilitas *Standby Letter of Credit*, fasilitas bank garansi dan fasilitas penangguhan jaminan impor/*Placement of current accounts, placement of unrestricted time deposits, Standby Letter of Credit Facility, bank guarantee facility and guarantee of suspension of import facility* |
| PT Bank Mandiri Syariah | Dikendalikan oleh Pemerintah Pusat Republik Indonesia/*Controlled by the Central Government of the Republic of Indonesia* | Deposito berjangka yang tidak dibatasi penggunaannya/*Placement of unrestricted time deposits* |
| PT Pertamina Hulu Energi West Java Madura Offshore (WJMO), PT Pertamina EP, PT Pertamina Gas (Pertagas) | Dikendalikan oleh Pertamina/*Controlled by Pertamina* | Uang muka pembelian gas bumi, pemasok gas, pelanggan, uang muka *ship or pay* pemasok gas/*Advance of take or pay, gas supplier, customer, advance of ship or pay gas supplier* |
| PT Perusahaan Listrik Negara (Persero) (PLN), PT Barata Indonesia (Persero), PT Iglas (Persero), PT Kertas 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/*Controlled by the Central Government of the Republic of Indonesia* | Pelanggan/*Customer* |
| 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/*Controlled by the Central Government of the Republic of Indonesia* | Pelanggan, minyak dan gas/*Customer, oil and gas* |

## 36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN PIHAK-PIHAK BERELASI (lanjutan)

## *36. SIGNIFICANT BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)*

| Pihak-pihak yang berelasi/ *Related parties* | Sifat hubungan dengan pihak berelasi/*Relationship with the related parties* | Transaksi/ *Transactions* |
|---|---|---|
| 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***

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Distribusi gas | | | *Gas distribution* |
| PLN | 529,438,145 | 659,450,524 | *PLN* |
| PT Krakatau Daya Listrik | 36,260,684 | 74,773,958 | *PT Krakatau Daya Listrik* |
| PT PLN Batam | 15,534,494 | 15,227,759 | *PT PLN Batam* |
| PT Pertamina EP | 9,238,091 | 8,777,813 | *PT Pertamina EP* |
| PT Barata Indonesia (Persero) | 574,900 | 512,947 | *PT Barata Indonesia (Persero)* |
| PT Wijaya Karya Intrade | 529,943 | 646,729 | *PT Wijaya Karya Intrade* |
| PT Indofarma (Persero) Tbk | 196,893 | 197,424 | *PT Indofarma (Persero) Tbk* |
| PT Wijaya Karya Beton | 105,918 | 133,634 | *PT Wijaya Karya Beton* |
| PT Iglas (Persero) | - | 2,407,663 | *PT Iglas (Persero)* |
| Penjualan minyak dan gas | | | *Oil and gas sales* |
| PLN | 121,612,906 | 85,197,059 | *PLN* |
| Pertamina | 17,400,985 | 18,365,987 | *Pertamina* |
| PT Petrogas Jatim Utama | 2,360,275 | - | *PT Petrogas Jatim Utama* |
| 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 Partma Industri Mandiri* |
| PT Pertamina Hulu Energi | 83,788 | 157,384 | *PT Pertamina Hulu Energi* |
| PT Kaltim Daya Mandiri | 17,963 | - | *PT Kaltim Daya Mandiri* |
| Transmisi gas | | | *Gas transmission* |
| PLN | 8,100,319 | 7,031,617 | *PLN* |
| Konstruksi | | | *Construction* |
| PLN | - | 151,711,904 | *PLN* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/131 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN PIHAK-PIHAK BERELASI** (lanjutan)

***36. SIGNIFICANT BALANCES AND TRANSACTIONS WITH RELATED PARTIES** (continued)*

**Pendapatan neto** (lanjutan)

***Net revenues** (continued)*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Pendapatan keuangan dari sewa pembiayaan PLN | 62,652,432 | 22,900,843 | *Finance income from finance lease PLN* |
| **Total** | **805,599,302** | **1,047,493,245** | ***Total*** |
| Persentase dari total pendapatan neto konsolidasian | 27.45% | 34.13% | *Percentage from total consolidated net revenues* |

**Pembelian**

***Purchases***

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| PT Pertamina EP | 275,447,370 | 325,747,127 | *PT Pertamina EP* |
| PT Pertamina Hulu Energi | 80,672,682 | 40,863,025 | *PT Pertamina Hulu Energi* |
| PT Pertamina Gas | 25,375,470 | 17,561,349 | *PT Pertamina Gas* |
| **Total** | **381,495,522** | **384,171,501** | ***Total*** |
| Persentase dari total beban pokok pendapatan konsolidasian | 18.63% | 18.24% | *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**

Pada tanggal 31 Desember 2016 dan 2015, saldo kas dan setara kas yang ditempatkan pada entitas yang berelasi dengan Pemerintah masing-masing sebesar 17,97% dan 17,42% dari total aset konsolidasian.

***Cash and cash equivalents***

*As of December 31, 2016 and 2015, the balances of cash and cash equivalents placed in government-related entities amounted to 17.97% and 17.42%, respectively, from the total consolidated assets.*

**Investasi jangka pendek**

Pada tanggal 31 Desember 2016 dan 2015, saldo investasi jangka pendek yang ditempatkan pada entitas yang berelasi dengan Pemerintah masing-masing sebesar 1,01% dan 1,00% dari total aset konsolidasian.

***Short-term investments***

*As of December 31, 2016 and 2015, the balances of short-term investments placed in government-related entities amounted to 1.01% and 1.00%, respectively, from the total consolidated assets.*

**Piutang usaha**

Pada tanggal 31 Desember 2016 dan 2015, saldo piutang usaha pada entitas yang berelasi dengan Pemerintah masing-masing sebesar 5,29% dan 5,52% dari total aset konsolidasian.

***Trade receivables***

*As of December 31, 2016 and 2015, the balances of trade receivables from government-related entities amounted to 5.29% and 5.52%, respectively, from the total consolidated assets.*

**36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN PIHAK-PIHAK BERELASI** (lanjutan)

**Piutang lain-lain**

Pada tanggal 31 Desember 2016 dan 2015, saldo piutang lain-lain pada entitas yang berelasi dengan Pemerintah masing-masing sebesar 0,15% dan 0,59% dari total aset konsolidasian.

**Uang muka**

Pada tanggal 31 Desember 2016 dan 2015, saldo uang muka yang ditempatkan pada entitas yang berelasi dengan Pemerintah masing-masing sebesar 0,84% dan 1,22% dari total aset konsolidasian.

**Rekening cadangan untuk liabilitas pembongkaran aset dan restorasi area**

Pada tanggal 31 Desember 2016 dan 2015, saldo rekening cadangan untuk liabilitas pembongkaran aset dan restorasi area masing-masing sebesar 0,54% dan 0,50% dari total aset konsolidasian.

**Utang usaha**

Pada tanggal 31 Desember 2016 dan 2015, saldo utang usaha kepada entitas yang berelasi dengan Pemerintah masing-masing sebesar 0,70% dan 0,87% dari total liabilitas konsolidasian.

**Pinjaman bank jangka panjang**

Pada tanggal 31 Desember 2016 dan 2015, saldo pinjaman jangka panjang yang ditempatkan pada entitas yang berelasi dengan Pemerintah, termasuk penerusan pinjaman, masing-masing sebesar 12,05% dan 13,52% 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 2016 dan 2015, yang terdiri dari:

***36. SIGNIFICANT BALANCES AND TRANSACTIONS WITH RELATED PARTIES*** *(continued)*

***Other receivables***

*As of December 31, 2016 and 2015, the balances of other receivables from government-related entities amounted to 0.15% and 0.59%, respectively, from the total consolidated assets.*

***Advances***

*As of December 31, 2016 and 2015, the balances of advances placed in government-related entities amounted to 0.84% and 1.22%, respectively, from the total consolidated assets.*

***Escrow account for asset abandonment and site restoration obligations***

*As of December 31, 2016 and 2015, the balances of escrow account for asset abandonment and site restoration obligations amounted to 0.54% and 0.50%, respectively, from the total consolidated assets.*

***Trade payables***

*As of December 31, 2016 and 2015, the balances of trade payables due to government-related entities amounted to 0.70% and 0.87%, respectively, from the total consolidated liabilities.*

***Long-term bank loans***

*As of December 31, 2016 and 2015, the balances of long-term loans placed in government-related entities, includes two-step loans, amounted to 12.05% and 13.52%, 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, 2016 and 2015, which consist of:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Komisaris | 2,736,864 | 2,886,164 | *Commissioners* |
| Direksi | 6,673,381 | 6,950,728 | *Directors* |
| | **9,410,245** | **9,836,892** | |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/133 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**37. PROGRAM KEMITRAAN DAN BINA LINGKUNGAN**

Pada tahun 2015, 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 2016 dan 2015, 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 USD8.559.589 dan USD10.114.628

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 2016 dan 2015 adalah USD890.998 dan USD4.024.797, yang dilaporkan sebagai bagian kas dan setara kas pada laporan posisi keuangan konsolidasian (Catatan 5).

***37. PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM***

*In 2015, 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, 2016 and 2015, 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 USD8,559,859 and USD10,114,628 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, 2016 and 2015 amounted to USD890,998 and USD4,024,797, respectively, which are reported as part of cash and cash equivalent in the statements of consolidated financial position (Note 5).*

**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.

***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 realized 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.*

**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 Sumatra Selatan - Jawa Barat. / *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.*<br><br>Selama tahun 2016, Perusahaan dan PT Pertamina EP tetap melakukan transaksi jual beli gas dengan mengambil alokasi gas dari kontrak PJBG Sumatera Selatan-Jawa Barat/ *During 2016, the Company and PT Pertamina EP still conduct gas sales and purchase transactions by using gas allocation from GSPA South Sumatra-West Java's contract.* |
| 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) | 4 Apr 2002 | 31 Des/*Dec* 2017 | Sampai dengan tanggal laporan ini, masih dalam proses pembahasan amandemen PJBG/ *Up to the date of this report, the amendment of GSPA is in process.* |
| PT Pertamina EP | Kesepakatan bersama sumur Benggala-1/ *Mutual Agreement Benggala-1 well* | Sumur Benggal-1 Sumatera Utara/ *Benggal-1 well North Sumatra* | 2 MMSCFD | 23 Okt/*Oct* 2013 | Ditandatangani 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/ *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* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/135 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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<br><br>Titik serah Sunyaragi/ *Sunyaragi transaction point*: 1.5 MMSCFD (Mei/*May* 2013 – Des/*Dec* 2013, 2 MMSCFD (Jan 2014 – Des/*Dec* 2017 | 4 Apr 2002 | 31 Des/*Dec* 2017 | Sampai dengan tanggal laporan ini, masih dalam proses pembahasan amandemen PJBG/ *Up to the date of this report, the amendment of GSPA is in process.*<br><br>Selama tahun 2016, Perusahaan dan PT Pertamina EP tetap melakukan transaksi jual beli gas sesuai dengan surat penetapan alokasi dari Menteri ESDM yang ditindaklajuti dengan penyusunan KB yang saat ini masih dalam tahap penandatanganan secara sirkuler/*During 2016, 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 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 2003 | 31 Des/*Dec* 2025 | Berlaku sampai dengan kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu/ *It is valid until the contracted quantity is delivered, whichever comes first.* |
| PT Pertamina EP | PJBG/*GSPA* EEJW | Jatirarangon | 2.5 BBTUD (19 Oct - 31 Des/*Dec* 2014)<br>3.5 BBTUD (1 Jan - 18 Okt/*Oct* 2015) | 26 Jul 2004 | 18 Okt/*Oct* 2015 | Sampai dengan tanggal laporan ini, masih dalam proses pembahasan amandemen PJBG/ *Up to the date of this report, the amendment of GSPA is in process*<br><br>Selama tahun 2016, Perusahaan dan PT Pertamina EP tetap melakukan transaksi jual beli gas sesuai dengan ketentuan PJBG/ *During 2016, the Company and PT Pertamina EP still conduct gas sales and purchase transactions in accordance with GSPA.* |
| ConocoPhillips (Grissik) Ltd. | PJBG/*GSPA* Batam I | *Corridor Block* | 225 TBTU | 9 Jul 2004 | 12 Okt/*Oct* 2019 | Berlaku sampai dengan kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu/ *It is valid until the contracted quantity is delivered, whichever comes first.* |

**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*** |
|---|---|---|---|---|---|---|
| ConocoPhillips (Grissik) Ltd. | PJBG *Corridor Block* - Jawa Barat/*GSPA Corridor Block – West Java* | *Corridor Block* | 2.310 TBTU | 9 Agt/*Aug* 2004 | 30 Sep 2023 | |
| 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/ *It is valid until the contracted quantity is delivered, whichever comes first.* |
| 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/ *It is valid until the contracted quantity is delivered, whichever comes first.* |
| Lapindo Brantas, Inc. | Amandemen dan penyajian kembali untuk menggantikan PJBGI menjadi PJBG/ *Amendment and Restatement to Replace IGSPA to GSPA* | Lapangan Wunut/ *Wunut field* | 112,580 BSCF *(*sampai dengan/*until* 31 Des/*Dec, 2011*) *As it is* (sejak/ *since* 1 Jan 2012 | 29 Des/*Dec* 2003 | 31 Des/*Dec* 2015 | Sampai dengan tanggal laporan ini, masih dalam proses pembahasan amandemen PJBG/ *Up to the date of this report, the amendment of GSA is in process*<br><br>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* |
| | Kesepakatan Bersama Kelanjutan Pasokan Gas/ *Mutual Agreement of Gas Supply* | Lapangan Wunut/ *Wunut field* | | 1 Jan 2016 | Ditanda-tangani dan berlaku efektifnya amande-men PJBG/ *Once amend-ment of GSPA is signed and effective* | |
| PT Pertamina Hulu Energy West Madura Offshore, Kodeco Energy Co. Ltd. Dan PT Mandiri Madura Barat | PJBG/*GSPA* PHE WMO | *Offshore* Madura Barat/*West Madura Offshore* | 18 BBTUD (2014)<br>11 BBTUD (2015) | 19 Des/*Dec* 2006 | 31 Des/*Dec* 2018 | Sampai dengan tanggal laporan ini, masih dalam proses pembahasan amandemen PJBG/ *Up to the date of this report, the amendment of GSPA is in process* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/137 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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/ *Mutual Agreement of Jargas distribution in Surabaya* | *Offshore* Madura Barat/*West Madura Offshore* | 0.2 MMSCFD | 23 Nov 2015 | 31 Des/*Dec* 2018 | Sampai dengan tanggal laporan ini, masih dalam proses pembahasan PJBG/ *Up to the date of this report, the GSPA is in process* |
| Santos (Madura Offshore) Pty. Ltd., PC Madura Ltd., dan PT Petrogas Pantai Madura | PJBG/*GSPA Santos Maleo* | Lapangan Maleo/ *Maleo Field* | 351 BCF | 14 Jul 2007 | 13 Jul 2019 | Jumlah cadangan Maleo Field (2P)/ *the amount of Maleo Field (2P) reserves.* |
| Husky CNOOC Madura Ltd. | PJBG/*GSPA Husky* | Lapangan Madura BD/ *Madura BD field* | 20 MMSCFD | 30 Okt/*Oct* 2007 | 20 tahun dari tanggal mulai/*20 years from start date* | |
| PT Bayu Buana Gemilang ("BBG") | PJBG/*GSPA* BBG | Lapangan Terang Sirasun Batur/ *Terang Sirasun Batur field* | 22,981 TBTU | 30 Nov 2011 | 31 Des/*Dec* 2020 | |
| PT Walinusa Energi ("WNE") | PJBG/*GSPA* WNE | Lapangan Terang Sirasun Batur/ *Terang Sirasun Batur field* | 40,593 TBTU | 12 Jan 2012 | 31 Des/*Dec* 2020 | |
| PT Inti Daya Latu Prima ("IDLP") | PJBG/*GSPA* IDLP | Blok Jambi – Merang/ *Jambi – Merang block* | 5 BBTUD | 7 Feb 2012 | 9 Feb 2019 | Jumlah penyerahan harian untuk tanggal 1 Januari 2014-9 Februari 2019/*Daily contract quantity since January 1, 2014 until February 9, 2019.* |
| PT Indogas Kriya Dwiguna ("IKD") | PJBG/*GSPA* IKD | Lapangan Terang Sirasun Batur/ *Terang Sirasun Batur field* | 20 BBTUD | 17 Feb 2012 | 31 Des/*Dec* 2020 | |
| PT Sadikun Niagamas Raya ("SNR") | PJBG/*GSPA* SNR | Lapangan Terang Sirasun Batur/ *Terang Sirasun Batur field* | 40,9 TBTU | 11 Apr 2012 | 31 Des/*Dec* 2020 | |
| Pertagas | PJBG/*GSPA* Pertagas | Gas hasil regasifikasi LNG Arun Regas/ *Gas from regasification of LNG Arun Regas* | 2015: 562,73 BBTU 2016: 1.310 BBTU | 28 Agt/*Aug* 2015 | 27 Agt/*Aug* 2020 | |

**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*** |
|---|---|---|---|---|---|---|
| PLI | Kesepakatan Bersama eks LNG/*Mutual Agremeent ex-LNG* | BP Tangguh atau pemasok lainnya/*or other suppliers* | 2014: 6.606,52 BBTU 2015: 3.943,80 BBTU 2016: 8 kargo/*cargo* LNG | 15 Agt/*Aug* 2014 | Sampai dengan ditanda-tangani dan berlaku efektifnya PJBG 6)/ *Once PJBG 6 is signed and effective* | |
| Petrogas (Basin) Ltd | Kesepakatan Bersama Penyaluran Gas untuk Jargas Kabupaten Sorong/*Mutual Agreement of Jargas distribution in Sorong* | Blok Kepala Burung/ *Kepala Burung block* | 0,2 MMSCFD | 29 Feb 2016 | 28 Feb 2021 | Sampai dengan tanggal laporan ini, masih dalam proses pembahasan PJBG/ *Up to the date of this report, the GSPA is in process.* |
| PT Medco E&P Indonesia | Kesepakatan Bersama Penyaluran Gas untuk Jargas Kota Tarakan/*Mutual Agreement of Jargas distribution in Tarakan* | Lapangan di Wilayah Kerja Tarakan/ *Field in Tarakan working area* | 0,2 BBTUD | 8 Jan 2016 | Sampai dengan tercapa-inya total jumlah kontrak gas sebesar 321,48 BBTU/ *Once total of gas reach 321.48 BBTU* | 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 Semarang/ *Mutual Agreement of Jargas distribution in Semarang* | Gundih | 0,2 MMSCFD | 9 Mei/*May* 2016 | 8 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 2016 | 8 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* | 1 Apr 2016 | 31 Des/*Dec* 2019 | |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/139 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**38. PERJANJIAN-PERJANJIAN PENTING** (lanjutan)

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.

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 mmscfd. 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.

***38. SIGNIFICANT AGREEMENTS*** *(continued)*

*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.*

*c. Pertagas West Java Gas Transportation Pipeline Utilization 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 mmscfd. 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.*

**38. PERJANJIAN-PERJANJIAN PENTING** (lanjutan)

c. Perjanjian Pemanfaatan Pipa Transmisi Pertagas Area Jawa Bagian Barat (lanjutan)

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 mmscfd. 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.

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.

***38. SIGNIFICANT AGREEMENTS*** *(continued)*

*c. Pertagas West Java Gas Transportation Pipeline Utilization Agreement (continued)*

*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 mmscfd. 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.*

*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 Transmision 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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/141 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**38. PERJANJIAN-PERJANJIAN PENTING** (lanjutan)

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.

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 penyetoran 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. Melalu 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.

***38. SIGNIFICANT AGREEMENTS** (continued)*

*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.*

*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.*

**38. PERJANJIAN-PERJANJIAN PENTING** (lanjutan)

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.

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 royalty 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.

***38. SIGNIFICANT AGREEMENTS** (continued)*

*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.*

*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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/143 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**38. PERJANJIAN-PERJANJIAN PENTING** (lanjutan)

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.

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.

***38. SIGNIFICANT AGREEMENTS** (continued)*

*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.*

*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 amendements 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.*

**39. IKATAN DAN KONTINJENSI**

a. Gugatan dari Conoco Phillips (Grissik) Ltd dan Petrochina International Jabung Ltd kepada Transgasindo

Pada tanggal 19 Mei 2014, Transgasindo menerima *Notice of Arbitration* dari ConocoPhillips (Grissik) Ltd dan Petrochina International Jabung Ltd. (Penggugat) di mana pihak penggugat mengajukan tuntutan terkait dengan tarif transportasi gas ke Singapura dan pemberlakuan *Access Arrangement* untuk segmen Pipa Grissik-Singapura dengan nilai total tuntutan sekitar USD108 juta atas ketidaksepahaman yang timbul dari dan sehubungan dengan Perjanjian Transportasi Gas.

Pada tanggal 8 Desember 2014, Penggugat telah memasukan *Statement of Claim* dengan nilai tuntutan sebesar USD165,7 juta. Selanjutnya dalam *Claimant's Reply Memorial* nilai gugatan mengalami perubahan menjadi maksimal USD131,4 juta.

***39. COMMITMENTS AND CONTINGENCIES***

*a. Claim from Conoco Phillips (Grissik) Ltd and Petrochina International Jabung Ltd to Transgasindo*

*On May 19, 2014, Transgasindo received a Notice of Arbitration from ConocoPhillips (Grissik) Ltd and Petrochina International Jabung Ltd. (the "Claimants") wherein the Claimants submit a claim in relation with gas transportation tariff to Singapore and the Access Arrangement implementation for the Grissik-Singapore Gas Pipeline with the total amount of the claim approximately amounted to USD108 million for dispute arising out of and in connection with the Gas Transportation Agreement.*

*On December 8, 2014, the Claimants has submitted the Statement of Claim with the total amount of claim amounting to USD165.7 million. Furthermore "Claimant's Reply Memorial" the total claim has been changed to be maximum amounted to USD131.4 million.*

**39. IKATAN DAN KONTINJENSI** (lanjutan)

a. Gugatan dari Conoco Phillips (Grissik) Ltd dan Petrochina International Jabung Ltd kepada Transgasindo (lanjutan)

Transgasindo telah memasukkan *Statement of Defense* pada tanggal 23 April 2015. Pada tanggal 10 Juli 2015, Penggugat telah memasukan *Claimant's Reply Memorial* dan Transgasindo berencana memasukkan *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 tahun yang berakhir 31 Desember 2016 dan 2015, Transgasindo telah mengakui rugi pada laporan laba/rugi terkait perkara ini masing-masing sebesar USD10.405.171 dan USD 37.547.669.

Pada tanggal 7 Maret 2016, Perusahaan mengajukan permohonan untuk mengesampingkan putusan *Final Award* tertanggal 8 Februari 2016 dan perintah pembayaran biaya gugatan oleh Perusahaan kepada Pengadilan Tinggi *Queen's Bench Division Commercial Court.*

***39. COMMITMENTS AND CONTINGENCIES*** *(continued)*

*a. Claim from Conoco Phillips (Grissik) Ltd and Petrochina International Jabung Ltd to Transgasindo (continued)*

*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*

*For the years ended December 31, 2016 and 2015, Transgasindo has recognised loss in statement of profit/loss amounting to USD10,405,171 and USD 37,547,669, respectively.*

*On 7 March 2016, the Company filed submissions to the High Court of Justice Queen's Bench Division Commercial Court for setting aside the Final Award dated 8 February 2016 and an order that the Company pay the costs of the claim.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/145 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**39. IKATAN DAN KONTINJENSI** (lanjutan)

b. Gugatan dari PT Dwisatu Mustika Bumi

Dalam perkara Nomor 583/Pdt.G/2014/PN.Jkt.Pst tanggal 10 Desember 2014 di Pengadilan Negeri Jakarta Pusat yang diajukan oleh PT Dwisatu Mustika Bumi (Penggugat), KJG dilibatkan sebagai Tergugat, PT Berkah Mirza Insani sebagai Turut Tergugat I dan PBJV Group Sdn BHD sebagai Turut Tergugat II karena KJG melakukan terminasi atas kontrak dengan konsorsium PT Dwisatu Mustika Bumi, PT Berkah Mirza Insani dan PBJV Group Sdn BHD yang tidak dapat menyerahkan *performance bond* sebagaimana dipersyaratkan dalam kontrak.

Penggugat melakukan tuduhan pelanggaran kontrak kepada KJG, yang mana KJG dianggap tidak menyediakan dokumen yang diminta oleh Penggugat untuk memenuhi *performance bond* yang dipersyaratkan oleh KJG sehingga mengakibatkan Penggugat tidak dapat melanjutkan Proyek EPC Pembangunan dan Pengoperasian Ruas Transmisi Kalija I (Kepodang-Tambak Lorok). Nilai gugatan yang diajukan berupa kerugian secara materiil sebesar USD2.890.000 dan non-materiil sebesar USD85.873.500.

Pada tanggal 10 November 2015 putusan perkara dikeluarkan oleh Pengadilan Negeri Jakarta Pusat menyatakan Pengadilan Negeri Jakarta Pusat tidak berwenang memeriksa dan mengadili perkara tersebut.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, tidak ada perkembangan lebih lanjut atas kasus ini.

***39. COMMITMENTS AND CONTINGENCIES*** *(continued)*

*b. Claim from PT Dwisatu Mustika Bumi*

*In case No. 583/Pdt-G/2014/PN.Jkt.Pst dated December 10, 2014, filed to the Central Jakarta District Court by PT Dwisatu Mustika Bumi (Plaintiff) KJG is named as one of Defendant, PT Berkah Mirza Insani as Co-Defendant I and PBJV Group Sdn BHD as Co-Defendant II because the KJG terminated the contract with consortium PT Dwisatu Mustika Bumi, PT Berkah Mirza Insani and PBJV Group Sdn BHD which can not provide performance bond in accordance with term and condition in the contract.*

*The plaintiff filed the allegation of breach of contract conducted by the KJG, whereby the KJG was assumed not providing the requested document by PT Dwisatu Mustika Bumi (Plaintiff) to fulfill performance bonds as required by the KJG which resulted to the Plaintiff not able to continue the EPC of Proyek Pembangunan dan Pengoperasian Ruas Transmisi Kalija I (Kepodang-Tambak Lorok). The amount of the lawsuit in the form of material losses amounting to USD2,890,000 and an non-material amount amounting USD85,873,500.*

*On November 10, 2015 court ruling issued by the Central Jakarta District Court declared the Central Jakarta District Court was not authorized to investigate and try the case.*

*Up to the completion date of the consolidated financial statements, there is no further development on this case.*

**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.

***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.*

**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO KEUANGAN** (lanjutan)

**MANAJEMEN RISIKO** (lanjutan)

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.

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.

***40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)*

***RISK MANAGEMENT** (continued)*

*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.*

*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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/147 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO KEUANGAN** (lanjutan)

**MANAJEMEN RISIKO** (lanjutan)

a. Risiko kredit (lanjutan)

(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.

(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).

***40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)*

***RISK MANAGEMENT** (continued)*

*a. Credit risk (continued)*

*(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") ("LG"). The models are reviewed regularly to compare to actual results.*

*LGD represents the Group's expectation of the extent of loss on a receivable should default occur. It is expressed as percentage loss per unit of exposure. LGD typically varies by the type of customers.*

*(ii) Risk limit control and mitigation policies*

*The Group implements a range of policies and practices to mitigate the credit risk. The Group's general policies to minimise the potential credit risk which may arise are as follows*

- *Taking of deposits in form of (cash or standby L/C that equivalent to two months' gas usage);*
- *Selecting customers with a strong financial condition and good reputation; and*
- *Acceptance of new customers and sales being approved by authorised personnel according to the Group's delegation of authority policy.*

*(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).*

**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO KEUANGAN** (lanjutan)

**MANAJEMEN RISIKO** (lanjutan)

a. Risiko kredit (lanjutan)

(iv) Eksposur maksimum risiko kredit tanpa memperhitungkan jaminan (lanjutan)

Eksposur risiko kredit terhadap aset pada laporan posisi keuangan konsolidasian adalah sebagai berikut:

***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)*

*Credit risk exposure relating to assets in the consolidated statement of financial position are as follows:*

| | **Eksposur maksimum/ *Maximum exposure* 31 Desember/ *December* 2016** | **Eksposur maksimum/ *Maximum exposure* 31 Desember/ *December* 2015** | |
|---|---|---|---|
| Piutang usaha | 543,806,803 | 527,959,847 | *Trade receivables* |
| Piutang lain-lain | 234,041,757 | 100,659,573 | *Other receivables* |
| Piutang lain-lain jangka panjang | 228,013,045 | 275,839,353 | *Other long-term receivables* |
| | 1,005,861,605 | 904,458,773 | |

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.

*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.*

Tabel berikut ini menggambarkan rincian eksposur kredit Grup pada nilai tercatat (memperhitungkan agunan atau pendukung kredit lainnya), yang dikategorikan berdasarkan operasi utama.

*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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/149 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO KEUANGAN** (lanjutan)

**MANAJEMEN RISIKO** (lanjutan)

a. Risiko kredit (lanjutan)

(iv) Eksposur maksimum risiko kredit tanpa memperhitungkan jaminan (lanjutan)

***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)*

| | 31 Desember/*December* 2016 | | | |
|---|---|---|---|---|
| | **Tidak mengalami penurunan nilai/ *Non impaired*** | **Mengalami penurunan nilai/ *Impaired*** | **Total/ *Total*** | |
| **Piutang usaha** | | | | ***Trade receivables*** |
| Distribusi | 159,193,566 | 100,885,199 | 260,078,765 | *Distribution* |
| Transmisi | 4,368,568 | - | 4,368,568 | *Transmission* |
| Minyak dan gas | 59,952,328 | - | 59,952,328 | *Oil and gas* |
| Operasi lainnya | 247,485,379 | 4,975,339 | 252,460,718 | *Other operations* |
| **Total** | **470,999,841** | **105,860,538** | **576,860,379** | ***Total*** |
| Dikurangi: | | | | *Less:* |
| Cadangan kerugian penurunan nilai | - | (33,053,576) | (33,053,576) | *Allowance for impairment losses* |
| **Neto** | **470,999,841** | **72,806,962** | **543,806,803** | ***Net*** |

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.

*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.*

**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO KEUANGAN** (lanjutan)

**MANAJEMEN RISIKO** (lanjutan)

a. Risiko kredit (lanjutan)

(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:

***40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)*

***RISK MANAGEMENT** (continued)*

*a. Credit risk (continued)*

*(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:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Piutang usaha** | | | ***Trade receivables*** |
| Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo) | | | *Counterparties with external credit rating (Pefindo)* |
| AAA | 344,417,834 | 335,840,033 | *AAA* |
| Dengan pihak yang tidak memiliki peringkat kredit eksternal | 126,582,007 | 93,512,418 | *Counterparties without external credit rating* |
| Jumlah piutang usaha yang tidak mengalami penurunan nilai | 470,999,841 | 429,352,451 | *Total unimpaired trade receivables* |

Piutang usaha dengan pihak yang tidak memiliki tingkat kredit eksternal yang berkaitan dengan distribusi gas sejumlah USD134,49 juta dijaminkan dengan garansi bank yang memiliki reputasi kredit yang baik. Piutang usaha lainnya terdiri dari perusahaan yang tidak memiliki risiko gagal bayar.

*Trade receivables from entities that do not have any external credit rating related to gas distribution with the amount of USD134.49 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.*

Piutang usaha dengan pihak yang tidak memiliki peringkat kredit eksternal berkaitan dengan penjualan domestik kepada pihak berelasi dan pihak ketiga yang memiliki risiko gagal bayar yang rendah.

*Trade receivables with counterparties which do not have external credit ratings are related to domesic sales to related parties and third parties which have low default risk.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/151 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO KEUANGAN** (lanjutan)

**MANAJEMEN RISIKO** (lanjutan)

a. Risiko kredit (lanjutan)

(v) Kualitas kredit aset keuangan (lanjutan)

***40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)*

***RISK MANAGEMENT** (continued)*

*a. Credit risk (continued)*

*(v) Financial assets credit quality (continued)*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| **Kas pada bank** | | | ***Cash in banks*** |
| Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo) | | | *Counterparties with external credit rating (Pefindo)* |
| AAA | 877,277,018 | 513,557,909 | *AAA* |
| AA+ | 753,751 | 53,002 | *AA+* |
| AA | - | 459,902 | *AA* |
| | 878,030,769 | 514,070,813 | |
| Dengan pihak yang memiliki peringkat kredit eksternal (Fitch) | | | *Counterparties with external credit rating (Fitch)* |
| AA- | 3,367,425 | - | *AAA* |
| A+ | 24,904,466 | - | *A+* |
| A | 46,012,262 | - | *A* |
| A- | - | 885 | *A-* |
| | 74,284,153 | 885 | |
| Dengan pihak yang memiliki peringkat kredit eksternal (Moody's) | | | *Counterparties with external credit rating (Moody's)* |
| A1 | - | 536 | *A1* |
| Baa3 | - | 760,955 | *Baa3* |
| | - | 761,491 | |
| Tidak memiliki peringkat kredit eksternal | - | 3,167,273 | *No external rating* |
| | - | 3,167,273 | |
| **Jumlah kas pada bank** | **952,314,922** | **518,000,462** | ***Total cash in banks*** |
| **Deposito jangka pendek** | | | ***Short-term time deposits*** |
| Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo) | | | *Counterparties with external credit rating (Pefindo)* |
| AAA | 349,398,348 | 595,469,753 | *AAA* |
| AA | 2,253,358 | 21,747,010 | *AA* |
| **Jumlah deposito jangka pendek** | **351,651,706** | **617,216,763** | ***Total short term time deposits*** |
| **Investasi jangka pendek (Moody's)** | | | ***Short-term investments (Moody's)*** |
| Baa3 | 62,050,591 | 58,179,297 | *Baa3* |
| | 62,050,591 | 58,179,297 | |
| **Investasi jangka pendek (Pefindo)** | | | ***Short-term investments (Pefindo)*** |
| AAA | 3,688,058 | 3,457,593 | *AAA* |
| AA+ | 1,459,169 | 1,338,268 | *AA+* |
| A- | - | 1,693,864 | *A-* |
| BBB+ | 1,634,953 | - | *BBB+* |
| | 6,782,180 | 6,489,725 | |
| **Jumlah investasi jangka pendek** | **68,832,771** | **64,669,022** | ***Total short-term investments*** |

**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO 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.

***40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)*

***RISK MANAGEMENT** (continued)*

*b. Market risk*

*The Group is exsposed 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.*

| | 31 Desember/*December* 2016 | | | |
|---|---|---|---|---|
| | Bunga mengambang/*Floating interest* | | | |
| | Lebih dari 1 bulan sampai dengan 3 bulan/ *Over 1 months up to 3 months* | Lebih dari 3 bulan sampai dengan 1 tahun/ *Over 3 months up to 1 year* | Lebih dari 1 tahun/ *Over 1 year* | |
| Pinjaman bank jangka pendek | - | 100,000,000 | - | *Short-term bank loan* |
| Pinjaman jangka panjang jatuh tempo dalam waktu satu tahun | 11,265,605 | 141,304,398 | - | *Short-term portion of long-term bank loans* |
| Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu satu tahun | - | - | 953,480,749 | *Long-term loans - net of current maturities* |
| Total | 11,265,605 | 241,304,398 | 953,480,749 | *Total* |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/153 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO KEUANGAN** (lanjutan)

**MANAJEMEN RISIKO** (lanjutan)

b. Risiko pasar (lanjutan)

(i) Risiko tingkat bunga (lanjutan)

***40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*** *(continued)*

***RISK MANAGEMENT*** *(continued)*

*b. Market risk (continued)*

*(i) Interest rate risk (continued)*

| | 31 Desember/*December* 2015 | | | |
|---|---|---|---|---|
| | Bunga mengambang/*Floating interest* | | | |
| | Lebih dari 1 bulan sampai dengan 3 bulan/ *Over 1 months up to 3 months* | Lebih dari 3 bulan sampai dengan 1 tahun/ *Over 3 months up to 1 year* | Lebih dari 1 tahun/ *Over 1 year* | |
| Pinjaman jangka panjang jatuh tempo dalam waktu satu tahun | 17,810,438 | 103,811,110 | - | *Short-term portion of long-term bank loans* |
| Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu satu tahun | - | - | 1,253,416,592 | *Long-term loans - net of current maturities* |
| Total | 17,810,438 | 103,811,110 | 1,253,416,592 | *Total* |

Analisis sensitivitas untuk risiko suku bunga

Pada tanggal 31 Desember 2016, 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.

*Sensitivity analysis for interest rate risk*

*As of December 31, 2016, 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) 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.

*(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.*

**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO 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 2016 disajikan pada Catatan 42.

Analisa sensitivitas untuk risiko mata uang asing

Pada tanggal 31 Desember 2016, 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 USD13.220.370 (31 Desember 2015: USD14.358.701), 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 longterm 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, 2016 were presented in the Note 42.*

*Sensitivity analysis for foreign exchange risk*

*As of December 31, 2016, 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, 2016, 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 USD13,220,370 (December 31, 2015: USD14,358,701) higher, mainly as result of foreign exchange losses/gains on the translation of cash and cash equivalents and loans denominated in foreign currencies.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/155 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO 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 2016, 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 USD14.487.091 (31 Desember 2015: USD14.738.041), 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, 2016, 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 USD15,667,289 (December 31, 2015: USD14,738,041) 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.*

**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.*

| | 31 Desember/*December* 2016 | | | | |
|---|---|---|---|---|---|
| | **Sewaktu-waktu dan dalam waktu 1 tahun/** ***On demand within 1 year*** | **Dalam waktu 1 tahun sampai sampai dengan 5 tahun/*Within 1-5 years*** | **Lebih dari 5 tahun/** ***More than 5 Year*** | **Total/** ***Total*** | |
| **Liabilitas keuangan** | | | | | ***Financial liabilities*** |
| 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* |
| **Total** | **815,156,320** | **1,490,309,609** | **1,763,071,570** | **4,068,537,499** | ***Total*** |

| | 31 Desember/*December* 2015 | | | | |
|---|---|---|---|---|---|
| | **Sewaktu-waktu dan dalam waktu 1 tahun/** ***On demand within 1 year*** | **Dalam waktu 1 tahun sampai sampai dengan 5 tahun/*Within 1-5 years*** | **Lebih dari 5 tahun/** ***More than 5 Year*** | **Total/** ***Total*** | |
| **Liabilitas keuangan** | | | | | ***Financial liabilities*** |
| Utang usaha | 116,996,612 | - | - | 116,996,612 | *Trade payables* |
| Utang lain-lain | 84,667,261 | - | - | 84,667,261 | *Other payables* |
| Liabilitas yang masih harus dibayar | 269,863,474 | - | - | 269,863,474 | *Accrued liabilities* |
| Pinjaman jangka panjang | 150,309,056 | 1,035,157,206 | 355,029,856 | 1,540,496,118 | *Long-term loans* |
| Utang obligasi | 69,379,688 | 346,129,688 | 1,522,968,750 | 1,938,478,126 | *Bonds payable* |
| Utang derivatif | - | 11,330,750 | - | 11,330,750 | *Derivative payable* |
| **Total** | 691,216,091 | 1,392,617,644 | 1,877,998,606 | 3,961,832,341 | ***Total*** |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/157 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO 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 maksimilasi 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 2016.

Pada tanggal 31 Desember 2016 dan 2015, akun-akun Grup yang membentuk rasio utang terhadap ekuitas dan *debt service ratio* adalah sebagai berikut:

***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, 2016.*

*As of December 31, 2016, and December 31, 2015, the Group's debt to equity ratio and debt service ratio accounts are as follows:*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Pinjaman bank jangka pendek | 100,000,000 | - | *Short-term bank loan* |
| Pinjaman jangka panjang jatuh tempo dalam waktu satu tahun | 170,987,760 | 121,621,548 | *Short-term portion of long-term bakn loans* |
| Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu satu tahun | 1,296,315,710 | 1,253,416,592 | *Long-term loans - net of current maturities* |
| Utang obligasi | 1,335,343,701 | 1,333,756,692 | *Bond payables* |
| **Total utang** | 2,902,647,171 | 2,708,794,832 | ***Total debt*** |
| **Total ekuitas** | 3,170,193,334 | 3,022,804,054 | ***Total equity*** |
| **Rasio utang terhadap ekuitas** | 0.91 | 0.90 | ***Debt to equity ratio*** |

## 41. INSTRUMEN KEUANGAN

Tabel di bawah ini mengikhtisarkan nilai tercatat instrumen keuangan Grup yang dinyatakan dalam posisi keuangan konsolidasian 31 Desember 2016 dan 2015:

## *41. FINANCIAL INSTRUMENTS*

*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, 2016 and 2015:*

| | Total/ *Total* | Pinjaman dan piutang/ *Loans and receivables* | Aset keuangan yang tersedia untuk dijual/ *Available-for-sale financial assets* | Aset dan liabilitas keuangan diakui pada nilai wajar melalui laba-rugi/*Fair value through profit or loss financial assets or liabilities* | Aset dan liabilitas keuangan lainnya/ *Other financial assets and liabilities* |
|---|---|---|---|---|---|
| **31 Desember/*December* 2016** | | | | | |
| **Aset keuangan/*Financial assets*** | | | | | |
| Kas dan setara kas/ *Cash and cash equivalents* | 1,304,043,250 | 1,304,043,250 | - | - | - |
| Investasi jangka pendek/- *Short-term investments* | 68,832,771 | - | 68,832,771 | - | - |
| Piutang usaha/*Trade receivables* | 543,806,803 | 543,806,803 | - | - | - |
| Piutang lain-lain/ *Other receivables* | 234,041,757 | 234,041,757 | - | - | - |
| Piutang lain-lain jangka panjang/ *Other long-term receivables* | 228,013,045 | 228,013,045 | - | - | - |
| **Total aset keuangan/ *Total financial assets*** | 2,378,737,626 | 2,309,904,855 | 68,832,771 | - | - |
| **Liabilitas keuangan/ *Financial liabilities*** | | | | | |
| Utang usaha/*Trade payables* | 111,759,747 | - | - | - | 111,759,747 |
| Utang lain-lain/*Other payables* | 107,408,420 | - | - | - | 107,408,420 |
| Liabilitas yang masih harus dibayar/ *Accrued liabilities* | 231,197,395 | - | - | - | 231,197,395 |
| Utang derivatif/*Derivative payable* | 8,828,746 | - | - | 8,828,746 | - |
| Pinjaman bank jangka pendek/ *Short-term bank borrowings* | 100,000,000 | - | - | - | 100,000,000 |
| Bagian jangka pendek dari pinjaman jangka panjang/ *Current portion of long-term bank borrowings* | 170,987,760 | - | - | - | 170,987,760 |
| Pinjaman bank jangka panjang/ *Long-term bank borrowings* | 1,296,315,710 | - | - | - | 1,296,315,710 |
| Utang obligasi/*Bonds payable* | 1,335,343,701 | - | - | - | 1,335,343,701 |
| **Total liabilitas keuangan/ *Total financial liabilities*** | 3,361,841,479 | - | - | 8,828,746 | 3,353,012,733 |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/159 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**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/*Fair value through profit or loss financial assets or liabilities* | Aset dan liabilitas keuangan lainnya/ *Other financial assets and liabilities* |
|---|---|---|---|---|---|
| **31 Desember/*December* 2015** | | | | | |
| **Aset keuangan/*Financial assets*** | | | | | |
| Kas dan setara kas/ *Cash and cash equivalents* | 1,135,502,538 | 1,135,502,538 | - | - | - |
| Investasi jangka pendek/ *Short-term investments* | 64,669,022 | - | 64,669,022 | - | - |
| Piutang usaha/*Trade receivables* | 527,959,847 | 527,959,847 | - | - | - |
| Piutang lain-lain/ *Other receivables* | 100,659,573 | 100,659,573 | - | - | - |
| Piutang lain-lain jangka panjang/ *Other long-term receivables* | 275,839,353 | 275,839,353 | - | - | - |
| **Total aset keuangan/ *Total financial assets*** | 2,104,630,333 | 2,039,961,311 | 64,669,022 | - | - |
| **Liabilitas keuangan/ *Financial liabilities*** | | | | | |
| Utang usaha/*Trade payables* | 116,996,612 | - | - | - | 116,996,612 |
| Utang lain-lain/*Other payables* | 84,667,261 | - | - | - | 84,667,261 |
| Liabilitas yang masih harus dibayar/ *Accrued liabilities* | 269,863,474 | - | - | - | 269,863,474 |
| Utang derivatif/*Derivative payable* | 11,330,750 | - | - | 11,330,750 | - |
| Bagian jangka pendek dari pinjaman jangka panjang/ *Current portion of long-term Bank borrowings* | 121,621,548 | - | - | - | 121,621,548 |
| Pinjaman bank jangka panjang/ *Long-term bank borrowings* | 1,253,416,592 | - | - | - | 1,253,416,592 |
| Utang obligasi/*Bonds payable* | 1,333,756,692 | - | - | - | 1,333,756,692 |
| **Total liabilitas keuangan/ *Total financial liabilities*** | 3,191,652,929 | - | - | 11,330,750 | 3,180,322,179 |

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.*

**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).*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/161 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**41. INSTRUMEN KEUANGAN** (lanjutan)

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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/162 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

**41. INSTRUMEN KEUANGAN** (lanjutan)

6. Hirarki nilai wajar (lanjutan)

Hirarki nilai wajar Perusahaan pada tanggal 31 Desember 2016 adalah sebagai berikut:

***41. FINANCIAL INSTRUMENTS** (continued)*

*6. Fair value hierarchy (continued)*

*The Company's fair value hierarchy as of December 31, 2016 is as follows:*

| | 31 Desember/*December* 2016 | | | |
|---|---|---|---|---|
| | Total/*Total* | Harga pasar yang dikuotasikan 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)* |
| **Aset keuangan lancar/*Current financial asset*** | | | | |
| Investasi jangka pendek/*Short-term investments* | 68,832,771 | 68,832,771 | - | - |
| **Total/*Total*** | 68,832,771 | 68,832,771 | - | - |
| **Liabilitas keuangan jangka panjang/ *Non-current financial liability*** | | | | |
| Utang derivatif/*Derivative payable* | 8,828,746 | - | - | 8,828,746 |
| **Total/*Total*** | 8,828,746 | - | - | 8,828,746 |

| | 31 Desember/*December* 2015 | | | |
|---|---|---|---|---|
| | Total/*Total* | Harga pasar yang dikuotasikan 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)* |
| **Aset keuangan lancar/*Current financial asset*** | | | | |
| Investasi jangka pendek/*Short-term investments* | 64,669,022 | 64,669,022 | - | - |
| **Total/*Total*** | **64,669,022** | **64,669,022** | - | - |
| **Liabilitas keuangan jangka panjang/ *Non-current financial liability*** | | | | |
| Utang derivatif/*Derivative payable* | 11,330,750 | - | - | 11,330,750 |
| **Total/*Total*** | **11,330,750** | - | - | **11,330,750** |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/163 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 42. ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING

Pada tanggal 31 Desember 2016, aset dan liabilitas moneter Perusahaan dalam mata uang asing adalah sebagai berikut:

## *42. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES*

*As of December 31, 2016, the Company's monetary assets and liabilities denominated in foreign currencies are as follows:*

| | 31 Desember/ *December* 2016 | | 31 Desember/ *December* 2015 | | |
|---|---|---|---|---|---|
| Aset dalam Rupiah | | | | | *Assets in Rupiah* |
| Kas dan setara kas | Rp | 1,630,289,558,173 | Rp | 2,289,614,724,317 | *Cash and cash equivalents* |
| Investasi jangka pendek | Rp | 95,000,000,000 | Rp | 95,000,000,000 | *Short-term investment* |
| Piutang usaha - neto | Rp | 736,350,895,294 | Rp | 642,798,759,260 | *Trade receivables-net* |
| Piutang lain-lain - neto | Rp | 2,577,330,020,572 | Rp | 419,770,589,980 | *Other receivables-net* |
| Taksiran tagihan pajak | Rp | 181,809,260,872 | Rp | 393,749,139,960 | *Estimated claim for tax refund* |
| Sub total | Rp | 5,220,779,734,911 | Rp | 3,840,933,213,517 | *Sub-total* |
| Aset dalam Yen Jepang | | | | | *Assets in Japanese Yen* |
| Kas dan setara kas | JPY | 442,552,131 | JPY | 661,588,471 | *Cash and cash equivalents* |
| Sub total | JPY | 442,552,131 | JPY | 661,588,471 | *Sub-total* |
| Aset dalam Dolar Singapura | | | | | *Assets in Singapore Dollar* |
| Kas dan setara kas | SGD | 1,091,236 | SGD | 100,057 | *Cash and cash equivalents* |
| Piutang lain-lain - neto | SGD | 5,527 | SGD | 5,527 | *Other receivables-net* |
| Sub total | SGD | 1,096,763 | SGD | 105,584 | *Sub-total* |
| **Ekuivalen Dolar AS** | **USD** | **393,125,619** | **USD** | **289,374,225** | ***US Dollar equivalents*** |
| Liabilitas dalam Rupiah | | | | | *Liabilities in Rupiah* |
| Utang usaha | Rp | - | Rp | 363,634,430 | *Trade payables* |
| Utang lain-lain | Rp | 555,154,333,474 | Rp | 471,843,696,390 | *Other payables* |
| Liabilitas imbalan kerja jangka pendek | Rp | 689,635,567,655 | Rp | 481,978,600,813 | *Short-term employee's benefits liabilities* |
| Liabilitas yang masih harus dibayar | Rp | 1,069,741,541,335 | Rp | 1,420,597,258,822 | *Accrued liabilities* |
| Utang pajak | Rp | 486,925,897,862 | Rp | 154,796,251,430 | *Taxes payable* |
| Liabilitas imbalan kerja jangka panjang | Rp | 1,267,965,007,356 | Rp | 1,073,848,006,215 | *Long-term employee's benefits liabilities* |
| Sub total | Rp | 4,069,422,347,682 | Rp | 3,603,427,448,100 | *Sub-total* |
| Liabilitas dalam Yen Jepang | | | | | *Liabilities in Japanese Yen* |
| Liabilitas yang masih harus dibayar | JPY | 151,614,914 | JPY | 159,134,412 | *Accrued liabilities* |
| Pinjaman jangka panjang | JPY | 42,164,627,000 | JPY | 43,755,745,000 | *Long-term loans* |
| Sub total | JPY | 42,316,241,914 | JPY | 43,914,879,412 | *Sub-total* |
| **Ekuivalen Dolar AS** | **USD** | **666,103,225** | **USD** | **625,774,515** | ***US Dollar equivalents*** |

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.

*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.*

**42. ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING** (lanjutan)

Apabila aset dan liabilitas dalam mata uang selain Dolar AS pada tanggal 31 Desember 2016 dijabarkan dengan menggunakan kurs yang berlaku pada tanggal laporan posisi keuangan konsolidasian, aset moneter neto akan turun sekitar USD6.491.902.

***42. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES*** *(continued)*

*If assets and liabilities in currencies other than US Dollars as at December 31, 2016 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 USD6,491,902.*

**43. INFORMASI SEGMEN 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 .

***43. SEGMENT INFORMATION***

*For management purposes, the Group is organized 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.*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/165 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 43. INFORMASI SEGMEN 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.*

| | 31 Desember/*December* 2016 | | | | | |
|---|---|---|---|---|---|---|
| | Distribusi/ *Distribution* | *Transmisi/ Transmission* | Eksplorasi dan produksi minyak dan gas/ *Exploration and production of oil and gas* | Operasi lainnya/ *Other operation* | Konsolidasian/ *Consolidation* | |
| **PENDAPATAN NETO** | | | | | | ***NET REVENUES*** |
| Pendapatan | 2,659,749,821 | 8,100,319 | 314,114,961 | 477,237,075 | 3,459,202,176 | *Revenues* |
| Eliminasi penjualan | (120,305,035) | - | - | (404,118,431) | (524,423,466) | *Revenues elimination* |
| Pendapatan neto | 2,539,444,786 | 8,100,319 | 314,114,961 | 73,118,644 | (2,934,778,710) | *Net revenues* |
| **Beban segmen** | | | | | | ***Segment expenses*** |
| Beban pokok pendapatan | 1,882,123,453 | - | 302,703,854 | 205,180,524 | 2,390,007,831 | *Cost of revenues* |
| Eliminasi beban pokok pendapatan | (329,009,782) | - | - | (13,159,278) | (342,169,060) | *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 | (41,722,760) | (10,390,617) | - | - | (52,113,377) | *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 | (1,291,926) | (12,429,447) | - | (51,577,086) | (65,298,459) | *Other expenses elimination* |
| Jumlah beban segmen | 1,655,783,045 | 87,061,304 | 313,520,978 | 322,924,471 | 2,379,289,798 | *Total segment expenses* |
| **Laba segmen** | 883,661,741 | (78,960,985) | 593,983 | (249,805,827) | 555,488,912 | ***Segment profit*** |
| Beban perusahaan dan entitas anak yang tidak dapat dialokasi | | | | | 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 | | | | | (37,201,328) | *Impairment losses of oil and gas properties* |
| **Laba operasi** | | | | | 444,242,223 | ***Operating income*** |
| **INFORMASI LAINNYA** | | | | | | ***OTHER INFORMATION*** |
| Aset segmen | 675,813,672 | 548,821,961 | 2,669,652,979 | 865,440,780 | 4,759,729,392 | *Segment assets* |
| Aset Perusahaan dan entitas anak yang tidak dapat dialokasikan | | | | | 2,074,423,576 | *Unallocated assets of the Company and subsidiaries* |
| **Total aset yang dikonsolidasikan** | | | | | 6,834,152,968 | ***Total consolidated assets*** |
| 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 | | | | | 3,230,905,119 | *Unallocated liabilities of the Company and subsidiaries* |
| **Total liabilitas yang dikonsolidasikan** | | | | | 3,663,959,634 | ***Total consolidated liabilities*** |
| **Pengeluaran modal** | **8,992,124** | **10,438,397** | **299,005,956** | **114,808,895** | **433,245,372** | ***Capital expenditures*** |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/166 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 43. INFORMASI SEGMEN USAHA (lanjutan) / *43. SEGMENT INFORMATION (continued)*

| | 31 Desember/*December* 2015* | | | | | |
|---|---|---|---|---|---|---|
| | Distribusi/ *Distribution* | *Transmisi/ Transmission* | Eksplorasi dan produksi minyak dan gas/ *Exploration and production of oil and gas* | Operasi lainnya/ *Other operation* | Konsolidasian/ *Consolidation* | |
| **PENDAPATAN NETO** | | | | | | ***NET REVENUES*** |
| Pendapatan | 2,763,283,747 | 7,031,617 | 263,697,492 | 429,906,909 | 3,463,919,765 | *Revenues* |
| Eliminasi penjualan | (150,480,194) | - | - | (244,648,726) | (395,128,920) | *Revenues elimination* |
| Pendapatan neto | 2,612,803,553 | 7,031,617 | 263,697,492 | 185,258,183 | 3,068,790,845 | *Net revenues* |
| **Beban segmen** | | | | | | ***Segment expenses*** |
| Beban pokok pendapatan | 1,811,246,907 | - | 251,847,597 | 250,199,429 | 2,313,293,933 | *Cost of revenues* |
| Eliminasi beban pokok pendapatan | (192,102,129) | - | - | (15,511,576) | (207,613,705) | *Cost of revenues elimination* |
| Biaya gaji, upah dan tunjangan | 19,126,807 | 2,099,259 | 2,449,386 | 11,157,223 | 34,832,675 | *Salaries and employees' benefits* |
| Biaya pemeliharaan | 16,468,166 | 28,419,959 | 25,451 | 870,657 | 45,784,233 | *Repairs and maintenance* |
| Eliminasi biaya pemeliharaan | (9,633,075) | (28,279,373) | - | - | (37,912,448) | *Expenses elimination* |
| Biaya penyusutan | 57,003,056 | 58,422,202 | 12,568 | 3,962,542 | 119,400,368 | *Depreciation* |
| Lain-lain | 39,454,302 | 11,443,731 | 4,317,143 | 169,612,258 | 224,827,434 | *Others* |
| Eliminasi biaya lain-lain | (18,154,856) | (8,959,441) | - | (92,053,018) | (119,167,315) | *Other expenses elimination* |
| Jumlah beban segmen | 1,723,409,178 | 63,146,337 | 258,652,145 | 328,237,515 | 2,373,445,175 | *Total segment expenses* |
| **Laba segmen** | 889,394,375 | (56,114,720) | 5,045,347 | (142,979,332) | 695,345,670 | ***Segment profit*** |
| Beban perusahaan dan entitas anak yang tidak dapat dialokasi | | | | | 127,444,346 | *Unallocated expenses of the Company and subsidiaries* |
| Eliminasi biaya | | | | | (3,559,095) | *Expenses elimination* |
| Pendapatan lain-lain | | | | | 94,536,121 | *Others income* |
| Beban lain-lain | | | | | (11,104,340) | *Others expense* |
| Penurunan nilai properti minyak dan gas | | | | | (97,649,297) | *Impairment losses of oil and gas properties* |
| **Laba operasi** | | | | | 557,242,903 | ***Operating income*** |
| **INFORMASI LAINNYA** | | | | | | ***OTHER INFORMATION*** |
| Aset segmen | 700,226,617 | 610,518,522 | 2,363,705,796 | 872,343,470 | 4,546,794,405 | *Segment assets* |
| Aset Perusahaan dan entitas anak yang tidak dapat dialokasikan | | | | | 1,948,227,856 | *Unallocated assets of the Company and subsidiaries* |
| **Total aset yang dikonsolidasikan** | | | | | 6,495,022,261 | ***Total consolidated assets*** |
| Liabilitas segmen | 31,725,907 | 1,643,413 | 209,968,124 | 97,586,850 | 340,924,294 | *Segment liabilities* |
| Liabilitas Perusahaan dan entitas anak yang tidak dapat dialokasikan | | | | | 3,131,293,913 | *Unallocated liabilities of the Company and subsidiaries* |
| **Total liabilitas yang dikonsolidasikan** | | | | | 3,472,218,207 | ***Total consolidated liabilities*** |
| **Pengeluaran modal** | **15,729,233** | **621,381** | **504,955,343** | **268,450,472** | **789,756,429** | ***Capital expenditures*** |

* Direklasifikasi, lihat Catatan 45 / *As reclassified, refer to Note 45*

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**Halaman 5/167 *Page***

**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, unless otherwise stated)*

## 43. INFORMASI SEGMEN USAHA (lanjutan) / *43. SEGMENT INFORMATION (continued)*

Informasi konsolidasi menurut segmen usaha adalah sebagai berikut:

*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* |
|---|---|---|---|
| **31 Desember/*December* 2016** | | | |
| 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 |
| **Total/*Total*** | **2,934,778,710** | **4,759,729,392** | **433,245,372** |
| **31 Desember/*December* 2015** | | | |
| Perusahaan | 2,577,874,648 | 1,246,266,205 | 13,291,990 |
| PGASKOM | 6,380,886 | 23,462,655 | 1,195,388 |
| PGASSOL | 155,587,117 | 155,587,117 | 270,692 |
| SEI | 263,697,492 | 2,363,705,796 | 504,955,343 |
| GEI | 41,960,522 | 41,960,522 | 10,863,779 |
| PLI | - | 395,464,719 | 31,139,975 |
| PGN Property | 23,290,180 | 320,347,391 | 228,039,262 |
| **Total/*Total*** | **3,068,790,845** | **4,546,794,405** | **789,756,429** |

## 44. TRANSAKSI NON KAS / *44. NON-CASH TRANSACTION*

| | 31 Desember/ *December* 2016 | 31 Desember/ *December* 2015 | |
|---|---|---|---|
| Penambahan properti minyak dan gas melalui utang dan liabilitas yang masih harus dibayar | 21,824,732 | 26,807,804 | *Addition of oil and gas properties through payables and accruals* |
| Perolehan aset tetap melalui utang | 47,433,022 | 75,664,182 | *Acquisition of fixed assets through payables* |

## 45. REKLASIFIKASI AKUN

Pada tahun 2016, Grup melakukan reklasifikasi akun pada laporan posisi keuangan untuk saldo per 31 Desember 2015 dan 1 Januari 2015 sebagai berikut:

## *45. RECLASSIFICATION OF ACCOUNTS*

*In 2016, the Group reclassifies accounts in the statement of financial position for balance as at December 31, 2015 and January 1, 2015 as follows:*

| | 31 Desember/*December* 2015 | | | |
|---|---|---|---|---|
| | **Sebelum reklasifikasi/ *Before reclassification*** | **Reklasifikasi/ *Reclassification*** | **Setelah reklasifikasi/ *After reclassification*** | |
| **Laporan Posisi Keuangan** | | | | ***Statement of Financial Position*** |
| Aset tidak lancar | | | | *Non-current Assets* |
| Penyertaan saham | 330,491,978 | 57,456,733 | 387,948,711 | *Investment in shares* |
| Aset tetap | 1,928,752,090 | (57,456,733) | 1,871,295,357 | *Fixed assets* |
| **Laporan Laba Rugi dan Penghasilan Komprehensif Lainnya** | | | | ***Statement of Profit or Loss and Other Comprehensive Income*** |
| Beban distribusi dan transmisi | (198,752,380) | (2,479,085) | (201,231,465) | *Distribution and transmission expenses* |
| Bagian laba dari bersama | 48,780,684 | 2,479,085 | 51,259,769 | *Share of profit from joint ventures* |
| Beban lain-lain | (5,335,567) | (5,768,773) | (11,104,340) | *Other expenses* |
| Pajak final | (5,768,773) | 5,768,773 | - | *Final tax* |
| Pendapatan keuangan | 18,439,067 | (2,218,316) | 16,220,751 | *Finance income* |
| Pajak terkait pendapatan keuangan | (2,218,316) | 2,218,316 | - | *Tax relating to finance income* |

| | 1 Januari/*January* 2015 | | | |
|---|---|---|---|---|
| | **Sebelum reklasifikasi/ *Before reclassification*** | **Reklasifikasi/ *Reclassification*** | **Setelah reklasifikasi/ *After reclassification*** | |
| **Laporan Posisi Keuangan** | | | | ***Statement of Financial Position*** |
| Aset tidak lancar | | | | *Non-current Assets* |
| Penyertaan saham | 348,539,492 | 54,977,648 | 403,517,140 | *Investment in shares* |
| Aset tetap | 1,825,740,809 | (54,977,648) | 1,770,763,161 | *Fixed assets* |

Beberapa akun dalam laporan keuangan konsolidasian pada tanggal 31 Desember 2015 dan 1 Januari 2015 telah direklasifikasi agar sesuai dengan penyajian laporan keuangan konsolidasian pada tanggal 31 Desember 2016.

*Certain accounts in the consolidated financial statements as at December 31, 2015 and January 1, 2015 have been reclassified to conform with the presentation of the consolidated financial statements as at December 31, 2016.*

## 46. 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 2016 dan 2015, 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 dengan metode ekuitas.

## *46. 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 years ended December 31, 2016 and 2015, which presents the Company's investments in subsidiaries under the cost method, as opposed to the consolidation method and investment in joint venture and associates entities under the cost method, as opposed to the equity method.*

**INFORMASI TAMBAHAN/*SUPPLEMENTARY INFORMATION***

---

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**INDUK PERUSAHAAN SAJA/*PARENT COMPANY ONLY***

**LAPORAN POSISI KEUANGAN**
**31 DESEMBER 2016 DAN 2015**
(Dinyatakan dalam Dolar Amerika Serikat, kecuali nilai nominal dan data saham)

***STATEMENTS OF FINANCIAL POSITION***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, except par value and share data)*

| | 2016 | 2015 | |
|---|---|---|---|
| **ASET LANCAR** | | | ***CURRENT ASSETS*** |
| Kas dan setara kas | 911,802,125 | 733,343,605 | *Cash and cash equivalents* |
| Investasi jangka pendek | 68,832,771 | 64,669,022 | *Short-term investments* |
| Piutang usaha | 212,979,896 | 210,874,791 | *Trade receivables* |
| Piutang lain-lain | 8,463,958 | 37,660,790 | *Other receivables* |
| Pinjaman kepada entitas anak | 72,917,567 | 612,722,624 | *Loan provided to subsidiaries* |
| Piutang dari entitas anak | 35,612,697 | 42,457,660 | *Receivable from subsidiaries* |
| Persediaan | 1,865,332 | 6,683,134 | *Inventories* |
| Uang muka | 77,279,897 | 104,787,675 | *Advances* |
| Beban dibayar di muka | 231,070 | 210,185 | *Prepaid expenses* |
| Total aset lancar | 1,389,985,313 | 1,813,409,486 | *Total current assets* |
| **ASET TIDAK LANCAR** | | | ***NON-CURRENT ASSETS*** |
| Uang muka, bagian tidak lancar | 60,507,887 | 71,171,066 | *Advances, non-current portion* |
| Pinjaman kepada entitas anak | 864,749,685 | 355,228,618 | *Loan provided to subsidiaries* |
| Pinjaman kepada entitas anak tidak langsung | 206,000,000 | 250,000,000 | *Loan provided to indirect subsidiary* |
| Penyertaan saham | 1,646,281,893 | 1,607,167,615 | *Investment in shares of stock* |
| Aset tetap | 1,572,438,971 | 1,578,096,321 | *Fixed assets* |
| Goodwill dan aset tak berwujud lainnya | 4,366,878 | 3,510,397 | *Goodwill and other intangible assets* |
| Taksiran tagihan pajak | 18,088,599 | 15,477,180 | *Estimated claims for tax refund* |
| Aset pajak tangguhan | 22,660,387 | 25,545,569 | *Deferred tax assets* |
| Lain-lain | 4,471,736 | 6,300,655 | *Others* |
| Total aset tidak lancar | 4,399,566,036 | 3,912,497,421 | *Total non-current assets* |
| **TOTAL ASET** | **5,789,551,349** | **5,725,906,907** | ***TOTAL ASSETS*** |
| **LIABILITAS JANGKA PENDEK** | | | ***SHORT-TERM LIABILITIES*** |
| Utang usaha | 109,209,882 | 114,044,903 | *Trade payables* |
| Utang lain-lain | 23,160,095 | 20,050,592 | *Other payables* |
| Liabilitas yang masih harus dibayar | 55,443,236 | 90,016,051 | *Accrued liabilities* |
| Bagian jangka pendek dari pinjaman bank jangka panjang | 170,987,760 | 121,621,548 | *Short-term portion of long-term bank loans* |
| Utang pajak | 9,624,559 | 15,308,019 | *Taxes payable* |
| Liabilitas imbalan kerja jangka pendek | 41,588,260 | 48,619,196 | *Short-term employee benefits liabilities* |
| Utang kepada entitas anak | 52,484,673 | 30,730,899 | *Payable to subsidiaries* |
| Total liabilitas jangka pendek | 462,498,465 | 440,391,208 | *Total current liabilities* |
| **LIABILITAS JANGKA PANJANG** | | | ***LONG-TERM LIABILITIES*** |
| Utang derivatif | 8,828,746 | 11,330,750 | *Derivative payable* |
| Pinjaman bank jangka panjang | 801,502,663 | 958,525,063 | *Long-term bank loans* |
| Utang obligasi | 1,335,343,701 | 1,333,756,692 | *Bonds payables* |
| Liabilitas imbalan pascakerja | 87,036,228 | 72,960,746 | *Post-employment benefits obligation* |
| Pendapatan diterima di muka | 2,776,712 | 2,886,781 | *Unearned income* |
| Total liabilitas jangka panjang | 2,235,488,050 | 2,379,460,032 | *Total non-current liabilities* |
| **TOTAL LIABILITAS** | **2,697,986,515** | **2,819,851,240** | ***TOTAL LIABILITIES*** |

**INFORMASI TAMBAHAN/*SUPPLEMENTARY INFORMATION***

---

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**INDUK PERUSAHAAN SAJA/*PARENT COMPANY ONLY***

**LAPORAN POSISI KEUANGAN**
**31 DESEMBER 2016 DAN 2015**
(Dinyatakan dalam Dolar Amerika Serikat, kecuali nilai nominal dan data saham)

***STATEMENTS OF FINANCIAL POSITION***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar, except par value and share data)*

| | 2016 | 2015 | |
|---|---|---|---|
| **EKUITAS** | | | ***EQUITY*** |
| **Ekuitas yang dapat diatribusikan kepada pemilik entitas induk** | | | ***Equity attributable to owners of the parent*** |
| Modal saham - nilai nominal Rp100 per saham Modal dasar – 70.000.000.000 dari saham yang terdiri 1 saham Seri A Dwiwarna dan 69.999.999.999 saham Seri B 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 | *Share capital - par value of Rp100 per share Authorized - 70,000,000,000 shares consist of 1 Series A Dwiwarna share and 69,999,999,999 Series B shares 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* |
| Saham treasuri | - | (251,054) | *Treasury stocks* |
| Modal disetor lainnya | 284,339,313 | 284,339,313 | *Other paid-in capital* |
| Saldo laba | | | *Retained earnings* |
| - Dicadangkan | 2,576,863,352 | 2,343,765,419 | *Appropriated -* |
| - Tidak dicadangkan | (102,553,178) | (48,836,530) | *Unappropriated -* |
| Komponen ekuitas lainnya | (11,103,484) | (16,980,312) | *Other components of equity* |
| **TOTAL EKUITAS** | **3,091,564,834** | **2,906,055,667** | ***TOTAL EQUITY*** |
| **TOTAL LIABILITAS DAN EKUITAS** | **5,789,551,349** | **5,725,906,907** | ***TOTAL LIABILITIES AND EQUITY*** |

**INFORMASI TAMBAHAN/*SUPPLEMENTARY INFORMATION***

---

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**INDUK PERUSAHAAN SAJA/*PARENT COMPANY ONLY***

**LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN**
**UNTUK TAHUN-TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat)

***STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***
***FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar)*

| | 2016 | 2015 | |
|---|---|---|---|
| **PENDAPATAN NETO** | 2,506,882,625 | 2,577,874,646 | ***NET REVENUES*** |
| **BEBAN POKOK PENDAPATAN** | (1,739,452,795) | (1,639,508,181) | ***COST OF REVENUES*** |
| **LABA BRUTO** | **767,429,830** | **938,366,465** | ***GROSS PROFIT*** |
| Beban distribusi dan transmisi | (245,450,470) | (212,973,141) | *Distribution and transmission expense* |
| Beban administrasi dan umum | (158,314,632) | (161,721,240) | *General and administrative expense* |
| Beban lain-lain | (6,630,951) | (2,366,078) | *Others expenses* |
| Pendapatan lain-lain | 50,949,724 | 62,191,524 | *Other income* |
| **LABA OPERASI** | **407,983,501** | **623,497,530** | ***OPERATING INCOME*** |
| Beban keuangan | (112,385,789) | (106,870,632) | *Finance cost* |
| Pendapatan keuangan | 62,199,459 | 48,968,115 | *Finance income* |
| (Rugi)/laba selisih kurs | (6,065,429) | 2,825,285 | *(Loss)/gain on foreign exchange* |
| Rugi perubahan nilai wajar derivatif | (4,526,823) | (6,656,089) | *Loss on change in fair value of derivatives* |
| Pendapatan dividen | 83,604,196 | 66,828,198 | *Dividend income* |
| **LABA SEBELUM BEBAN PAJAK PENGHASILAN** | **430,809,115** | **628,592,407** | ***PROFIT BEFORE INCOME TAX EXPENSE*** |
| **BEBAN PAJAK PENGHASILAN** | | | ***INCOME TAX EXPENSE*** |
| Kini | (79,525,475) | (113,413,077) | *Current* |
| Tangguhan | (3,800,408) | (527,991) | *Deferred* |
| Beban pajak penghasilan | (83,325,883) | (113,941,068) | *Income tax expenses* |
| **LABA TAHUN BERJALAN** | **347,483,232** | **514,651,339** | ***PROFIT FOR THE YEAR*** |
| **PENGHASILAN KOMPREHENSIF LAIN** | | | ***OTHER COMPREHENSIVE INCOME*** |
| **Pos-pos yang tidak akan direklasifikasi ke laba rugi** | | | ***Item that will not be reclassified to profit or loss*** |
| Pengukuran kembali liabilitas imbalan pascakerja | 1,040,225 | 26,929,747 | *Remeasurement of post-employment obligation* |
| Pajak penghasilan terkait | 915,226 | (4,920,472) | *Related income tax* |
| | 1,955,451 | 22,009,275 | |
| **Pos-pos yang akan direklasifikasikan ke laba rugi** | | | ***Items that will be reclassified to profit or loss*** |
| Perubahan nilai wajar aset keuangan tersedia untuk dijual | 3,921,377 | (2,297,573) | *Changes in fair value of available-for-sale financial assets* |
| **JUMLAH PENGHASILAN KOMPREHENSIF LAIN** | 5,876,828 | 19,711,702 | ***TOTAL OTHER COMPREHENSIVE INCOME*** |
| **TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN** | **353,360,060** | **534,363,041** | ***TOTAL COMPREHENSIVE INCOME FOR THE YEAR*** |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**INDUK PERUSAHAAN SAJA/*PARENT COMPANY ONLY***

**LAPORAN PERUBAHAN EKUITAS**
**UNTUK TAHUN-TAHUN YANG BERAKHIR**
**31 DESEMBER 2016 DAN 2015**
(Dinyatakan dalam Dolar Amerika Serikat)

***STATEMENTS OF CHANGES IN EQUITY***
***FOR THE YEARS ENDED***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar)*

| | Modal saham/ *Share capital* | Saham treasuri/ *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) aktuaria/ *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* | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Saldo 1 Januari 2015** | **344,018,831** | **(251,054)** | **284,339,313** | **405,001** | **(37,097,015)** | **(36,692,014)** | **1,892,288,753** | **159,266,195** | **2,642,970,024** | ***Balance at January 1, 2015*** |
| Laba bersih untuk tahun berjalan | - | - | - | - | - | - | - | 514,651,339 | 514,651,339 | *Net income for the year* |
| Pembayaran dividen | - | - | - | - | - | - | - | (271,277,398) | (271,277,398) | *Payment of dividends* |
| Penyisihan cadangan umum | - | - | - | - | - | - | 451,476,666 | (451,476,666) | - | *General reserve allocation* |
| Pendapatan komprehensif tahun berjalan | - | - | - | (2,297,573) | 22,009,275 | 19,711,702 | - | - | 19,711,702 | *Other comprehensive income for the year* |
| **Saldo 31 Desember 2015** | **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** | ***Balance at December 31, 2015*** |
| Penjualan saham treasuri | - | 251,054 | - | - | - | - | - | - | 251,054 | *Sale of treasury stocks* |
| Laba bersih untuk tahun berjalan | - | - | - | - | - | - | - | 347,483,232 | 347,483,232 | *Net income for the year* |
| Pembayaran dividen | - | - | - | - | - | - | - | (168,101,947) | (168,101,947) | *Payment of dividends* |
| Penyisihan cadangan umum | - | - | - | - | - | - | 233,097,933 | (233,097,933) | - | *General reserve allocation* |
| Pendapatan komprehensif tahun berjalan | - | - | - | 3,921,377 | 1,955,451 | 5,876,828 | - | - | 5,876,828 | *Other comprehensive income for the year* |
| **Saldo 31 Desember 2016** | **344,018,831** | **-** | **284,339,313** | **2,028,805** | **(13,132,289)** | **(11,103,484)** | **2,576,863,352** | **(102,553,178)** | **3,091,564,834** | ***Balance at December 31, 2016*** |

**INFORMASI TAMBAHAN/*SUPPLEMENTARY INFORMATION***

---

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**INDUK PERUSAHAAN SAJA/*PARENT COMPANY ONLY***

**LAPORAN ARUS KAS**
**UNTUK TAHUN-TAHUN YANG BERAKHIR PADA**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat)

***STATEMENT OF CASH FLOWS***
***FOR THE YEARS ENDED***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar)*

| | 2016 | 2015 | |
|---|---|---|---|
| **ARUS KAS DARI AKTIVITAS OPERASI** | | | ***CASH FLOWS FROM OPERATING ACTIVITIES*** |
| Penerimaan dari pelanggan | 2,520,128,717 | 2,603,040,906 | *Receipts from customers* |
| Penerimaan dari penghasilan bunga | 65,547,129 | 12,241,115 | *Receipts from interest income* |
| Pembayaran kepada pemasok | (1,670,242,109) | (1,629,852,446) | *Payments to suppliers* |
| Pembayaran pajak penghasilan setelah dikurangi penerimaan dari tagihan pajak | (96,181,077) | (156,263,291) | *Payments for income taxes net of the receipts from claims for tax refund* |
| Pembayaran untuk beban usaha dan aktivitas operasi lainnya | (91,271,669) | (212,673,155) | *Payments for operating expenses and other operating activities* |
| Pembayaran beban keuangan | (109,647,797) | (101,112,825) | *Payments for finance cost* |
| Pembayaran kepada karyawan | (72,808,015) | (51,839,162) | *Payments to employees* |
| **Kas neto yang diperoleh dari aktivitas operasi** | **545,525,179** | **463,541,142** | ***Net cash provided by operating activities*** |
| **ARUS KAS DARI AKTIVITASI INVESTASI** | | | ***CASH FLOWS FROM INVESTING ACTIVITIES*** |
| Penerimaan dividen dari anak perusahaan dan ventura bersama | 83,604,196 | 66,828,198 | *Dividends received from subsidiaries and joint ventures* |
| Penambahan penyertaan saham | (45,963,021) | (70,173,716) | *Additions of shares* |
| Penambahan aset tetap | (180,472,673) | (257,811,429) | *Additions to fixed assets* |
| Penerimaan dari pelepasan investasi jangka pendek | - | 26,366,407 | *Proceeds from disposal of short-term investments* |
| Penerimaan pelunasan *promissory notes* dari ventura bersama | - | 13,714,628 | *Receipt of promissory notes settlement from joint venture* |
| Penambahan pinjaman pemegang saham ke anak perusahaan | - | (552,452,793) | *Additions to shareholder loan for subsidiaries* |
| Pelunasan pinjaman pemegang saham dari anak perusahaan | 63,628,929 | - | *Receipt of shareholder loan from subsidiaries* |
| **Kas neto yang digunakan untuk aktivitas investasi** | **(79,202,569)** | **(773,528,705)** | ***Net cash used for investing activities*** |
| **ARUS KAS DARI AKTIVITAS PENDANAAN** | | | ***CASH FLOWS FROM FINANCING ACTIVITIES*** |
| Penjualan saham treasuri | 251,054 | - | *Sales of treasury stock* |
| Pembayaran utang derivatif | (7,028,827) | (6,330,394) | *Payments of derivative liabilities* |
| Penerimaaan pinjaman | - | 650,000,000 | *Receipts of loans* |
| Pembayaran pinjaman jangka panjang | (107,656,187) | (80,066,273) | *Payments of long-term loans* |
| Pembayaran dividen kepada pemilik entitas induk | (166,655,254) | (268,723,467) | *Payments of dividend to owners of the parent entity* |
| **Kas neto yang (digunakan untuk)/ diperoleh dari aktivitas pendanaan** | **(281,089,214)** | **294,879,866** | ***Net cash (used for)/provided by financing activities*** |
| Pengaruh perubahan kurs | (6,774,876) | 14,245,289 | *Foreign exchange impact* |
| **KENAIKAN/(PENURUNAN) NETO KAS DAN SETARA KAS** | **178,458,520** | **(862,408)** | ***NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS*** |
| **KAS DAN SETARA KAS AWAL TAHUN** | **733,343,605** | **734,206,013** | ***CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR*** |
| **KAS DAN SETARA KAS AKHIR TAHUN** | **911,802,125** | **733,343,605** | ***CASH AND CASH EQUIVALENTS AT END OF YEAR*** |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**INDUK PERUSAHAAN SAJA/*PARENT COMPANY ONLY***

**CATATAN ATAS LAPORAN KEUANGAN**
**UNTUK TAHUN-TAHUN YANG BERAKHIR PADA**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat,
Kecuali dinyatakan lain)

***NOTES TO FINANCIAL STATEMENTS***
***FOR THE YEARS ENDED***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar,*
*unless otherwise stated)*

**46. 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 2016 dan 2015.

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.

***46. 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, 2016 and 2015.*

*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 ONLY***

**CATATAN ATAS LAPORAN KEUANGAN**
**UNTUK TAHUN-TAHUN YANG BERAKHIR PADA**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat,
Kecuali dinyatakan lain)

***NOTES TO FINANCIAL STATEMENTS***
***FOR THE YEARS ENDED***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar,*
*unless otherwise stated)*

**46. INFORMASI KEUANGAN TAMBAHAN** (lanjutan)

***46. SUPPLEMENTARY FINANCIAL INFORMATION*** *(continued)*

b. Penyertaan saham pada entitas anak dan entitas asosiasi

Pada tanggal 31 Desember 2016 dan 2015, entitas induk memiliki penyertaan saham pada entitas anak, ventura bersama dan entitas asosiasi berikut:

*b. Investments in shares of stock of subsidiaries and associates*

*As of December 31, 2016 and 2015, the parent entity has the following investments in shares of stock of subsidiaries, joint ventures and associates:.*

| | 2016 | | | | |
|---|---|---|---|---|---|
| Nama entitas/ *Entity name* | Persentase kepemilikan/ *Percentage of ownership* | Biaya perolehan 1 Jan 2016/ *Acquisition cost Jan 1, 2016* | Penambahan/ *Additions* | Pengurangan/ *Deduction* | Nilai tercatat 31 Des 2016/ *Carrying value Dec 31, 2016* |
| **Entitas anak/*Subsidiaries*** | | | | | |
| 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 |
| **Ventura bersama/*Joint ventures*** | | | | | |
| PT Transportasi Gas Indonesia | 59.87% | 81,755,336 | - | - | 81,755,336 |
| PT Nusantara Regas | 40.00% | 58,158,141 | - | - | 58,158,141 |
| **Entitas asosiasi/*Associate*** | | | | | |
| PT Gas Energi Jambi | 40.00% | 111,453 | - | - | 111,453 |
| PT Banten Gas Sinergy | 0.14% | 2,718 | - | - | 2,718 |
| **Total/*Total*** | | **1,607,167,615** | **39,114,278** | **-** | **1,646,281,893** |

| | 2015 | | | | |
|---|---|---|---|---|---|
| Nama entitas/ *Entity name* | Persentase kepemilikan/ *Percentage of ownership* | Biaya perolehan 1 Jan 2015/ *Acquisition cost Jan 1, 2015* | Penambahan/ *Additions* | Pengurangan/ *Deduction* | Nilai tercatat 31 Des 2015/ *Carrying value Dec 31, 2015* |
| **Entitas anak/*Subsidiaries*** | | | | | |
| PT PGAS Telekomunikasi Nusantara | 99.93% | 6,872,161 | - | - | 6,872,161 |
| 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% | 295,221,541 | 81,623,862 | - | 376,845,403 |
| PT Permata Graha Nusantara | 99.95% | 7,631,294 | - | - | 7,631,294 |
| **Ventura bersama/*Joint ventures*** | | | | | |
| PT Transportasi Gas Indonesia | 59.87% | 81,755,336 | - | - | 81,755,336 |
| PT Nusantara Regas | 40.00% | 58,158,141 | - | - | 58,158,141 |
| **Entitas asosiasi/*Associate*** | | | | | |
| PT Gas Energi Jambi | 40.00% | 111,453 | - | - | 111,453 |
| PT Banten Gas Sinergy | 0.14% | 2,718 | - | - | 2,718 |
| **Total/*Total*** | | **1,525,543,753** | **81,623,862** | **-** | **1,607,167,615** |

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK**
**INDUK PERUSAHAAN SAJA/*PARENT COMPANY ONLY***

**CATATAN ATAS LAPORAN KEUANGAN**
**UNTUK TAHUN-TAHUN YANG BERAKHIR PADA**
**31 DESEMBER 2016 DAN 2015**
(Disajikan dalam Dolar Amerika Serikat,
Kecuali dinyatakan lain)

***NOTES TO FINANCIAL STATEMENTS***
***FOR THE YEARS ENDED***
***DECEMBER 31, 2016 AND 2015***
*(Expressed in US Dollar,*
*unless otherwise stated)*

**46. INFORMASI KEUANGAN TAMBAHAN** (lanjutan)

***46. SUPPLEMENTARY FINANCIAL INFORMATION*** *(continued)*

c. Saldo dengan entitas anak, ventura bersama, dan entitas asosiasi

Perusahaan mempunyai transaksi dan saldo yang signifikan dengan pihak entitas anak dan entitas asosiasi berikut:

*c. Significant balances with subsidiaries, joint ventures and associates*

*The Company has the following significant transactions and balances with its subsidiaries and associates:*

| Nama entitas/*Entity name* | 2016 Piutang/ *Receivables* | Penyertaan saham/ *Investment in share of stocks* | Pinjaman yang diberikan/*Loan provided* | Utang/ *Payables* |
|---|---|---|---|---|
| **Entitas anak langsung/*Direct subsidiaries*** | | | | |
| 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 |
| **Entitas anak tidak langsung/*Indirect subsidiaries*** | | | | |
| PT Kalimantan Jawa Gas | 25,561,385 | - | 206,000,000 | - |
| **Ventura bersama/*Joint ventures*** | | | | |
| PT Transportasi Gas Indonesia | 3,762,407 | 81,755,336 | - | 1,603,153 |
| PT Nusantara Regas | 41,983 | 58,158,141 | - | - |
| **Entitas asosiasi/*Associate*** | | | | |
| PT Gas Energi Jambi | - | 111,453 | - | - |
| PT Banten Gas Sinergy | - | 2,718 | - | - |
| **Total/*Total*** | **44,217,760** | **1,646,281,893** | **1,143,667,252** | **54,087,826** |

| Nama entitas/*Entity name* | 2015 Piutang/ *Receivables* | Penyertaan saham/ *Investment in share of stocks* | Pinjaman yang diberikan/*Loan provided* | Utang usaha/ *Trade payables* |
|---|---|---|---|---|
| **Entitas anak langsung/Direct *subsidiaries*** | | | | |
| PT PGAS Telekomunikasi Nusantara | 857,980 | 6,872,161 | 10,283,990 | 3,319,210 |
| PT PGAS Solution | 40,713 | 9,028,138 | - | 25,022,542 |
| PT Saka Energi Indonesia | 1,947,967 | 1,062,972,507 | 838,350,000 | 95,000 |
| PT Gagas Energi Indonesia | 12,329,512 | 3,790,464 | 20,000,000 | 1,027,383 |
| PT PGN LNG Indonesia | 3,384,835 | 376,845,403 | 99,317,252 | - |
| PT Permata Graha Nusantara | - | 7,631,294 | - | 1,266,764 |
| **Entitas anak tidak langsung/*Indirect subsidiaries*** | | | | |
| PT Kalimantan Jawa Gas | 23,896,653 | - | 250,000,000 | - |
| **Ventura bersama/*Joint ventures*** | | | | |
| PT Transportasi Gas Indonesia | 3,774,553 | 81,755,336 | - | 1,680,997 |
| PT Nusantara Regas | 306,723 | 58,158,141 | - | - |
| **Entitas asosiasi/*Associate*** | | | | |
| PT Gas Energi Jambi | - | 111,453 | - | - |
| PT Banten Gas Sinergy | - | 2,718 | - | - |
| **Total/*Total*** | **46,538,936** | **1,607,167,615** | **1,217,951,242** | **32,411,896** |

d. Aktivitas non kas

Transaksi non kas terdiri dari:

*d. Non-cash transactions*

Non-cash transactions consists of:

| | 2016 | 2015 | |
|---|---|---|---|
| Perolehan aset tetap melalui liabilitas yang masih harus dibayar | 35,327,624 | 71,114,490 | *Acquisition of fixed assets through accrued liabilities* |
| Penambahan penyertaan saham melalui konversi pinjaman kepada entitas anak | 10,655,061 | 11,450,147 | *Addition of investment in shares of stock through conversion of shareholder loan to subsidiaries* |

# REFERENCE 08

# 08 REFERENCE


TO VENT MAST
PGN

# OJK NO.29 /POJK.04/2016 AND SEOJK NO.30/SEOJK.04/2016 CROSS REFERENCE

| Criteria | Explanation | Page |
|---|---|---|
| **I. General** | | |
| 1. The Annual Report is presented in the form of printed document and an electronic document copies.<br>2. The Annual Report is presented in the form of printed document, printed on the bright colored paper in good quality, A4 size, binding and multiplied in good quality.<br>3. The Annual Report is presented in Indonesian language and other language (at least in English).<br>4. The Annual Report mandatory to be loaded in Company's website at the same date of it's submission to Otoritas Jasa Keuangan. The Annual Report which is published in the website obligate to be available for certain period of time. | 1. Picture, graphic, table and diagram are presented with title and/ detailed information.<br>2. The Annual Report published in the Company's website in Indonesian language and English can be found or downloaded any time at www.pgn.co.id/Investors/Financial Information/Annual Reports. | √<br>√ |
| **II. Annual Report Content** | | |
| 1. General Provisions | a. An Annual Report shall at least contain the following information:<br>1. Financial highlights;<br>2. Share information (if any);<br>3. The report of the Board of Directors;<br>4. The report of the Board of Commissioners;<br>5. Profile of the Issuer or Public Company;<br>6. Management discussion and analysis;<br>7. Governance of the Issuer or Public Company;<br>8. Social and environmental responsibility of the Issuer or Public Company;<br>9. The audited annual financial statements; and<br>10. A statement of the members of the Board of Directors and members of the Board Commissioners regarding the responsibility for the Annual Report;<br>b. An Annual Report can present information in the form of images, graphs, tables, and/or diagrams by stating the title and/or a clear explanation, thus easier to read and understood; | <br>20<br>20-21<br>33<br>27<br>75<br>109<br>173<br>272<br><br>316<br>38<br><br>√ |
| 2. Description of the Annual Report Contents | a. Financial Highlights<br>Financial Highlights contains financial information presented in the form of comparison for 3 (three) fiscal years or since the starting of its business if the Issuer or the Public Company run its business less than 3 (three) years, shall at least contain:<br>1. Revenues/sales;<br>2. Gross profit;<br>3. Profit (loss);<br>4. The amount of profit (loss) attributable to the owners of the holding company and the non-controlling interests;<br>5. Total comprehensive profit (loss);<br>6. The amount of comprehensive profit (loss) attributable to The owners of the holding company and the non-controlling interests;<br>7. Profit (loss) per share;<br>8. Total assets;<br>9. Total liabilities;<br>10. Total equities;<br>11. The ratio of profit (loss) to total assets;<br>12. The ratio of profit (loss) to equity;<br>13. The ratio of profit (loss) to revenues/ sales;<br>14. The current ratio;<br>15. The ratio of liabilities to equity;<br>16. The ratio of liabilities to total assets; and<br>17. Information and other financial ratios relevant to the Issuer or Public Company and its industry type; | <br><br><br><br>20<br>20<br>20<br>20<br>20<br>20<br>20<br>21<br>21<br>21<br>21<br>21<br>21<br>21<br>21<br>21<br>21<br>21 |

| Criteria | Explanation | Page |
|---|---|---|
| | b. Share Information<br>Share information (if any) shall at least contains:<br>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:<br>a) The number of outstanding shares;<br>b) The market capitalization based on the price on the Stock Exchange where the shares are listed;<br>c) The highest, lowest, and closing shares prices based on the price on the Stock Exchange where the shares are listed; and<br>d) The volume of trading on the Stock Exchange where the shares are listed;<br>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;<br>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;<br>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:<br>a) The execution date of the corporate actions;<br>b) The ratio of the stock split, reverse stock, shares dividend, bonus shares, and changes in the nominal value of shares;<br>c) The number of outstanding shares before and after the corporate action; and<br>d) The shares prices before and after the corporate action;<br>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<br>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 | 20-21<br>22<br>22<br>22 |
| | c. The Report of the Board of Directors<br>The Report of the Board of Directors shall at least contains:<br>1. Brief description regarding the performance of the Issuer or Public Company, shall at least includes:<br>a) Strategy and strategic policy of the Issuer or Public Company;<br>b) A comparison between the achieved results and the targeted; and<br>c) Constraints encountered by the Issuer or Public Company;<br>2. An overview of the business prospects;<br>3. The governance application of the Issuer or Public Company; and<br>4. Changes in the composition of the members of Board of Directors and the grounds of such changes (if any); | 33<br>33<br>33<br>33 |

| Criteria | Explanation | Page |
|---|---|---|
| | d. The Report of the Board of Commissioners | 27 |
| | The Report of the Board of Commissioners shall at least contains: | |
| | 1. An assessment of the performance of the Board of Directors regarding the management of the Issuer or Public Company; | 27 |
| | 2. Supervision of the strategy implementation of the Issuer or Public Company; | 27 |
| | 3. The views on the business prospects of the Issuer or Company Public compiled by the Board of Directors; | 27 |
| | 4. The views on the governance implementation of the Issuer or Public Company; | |
| | 5. Changes in the composition of the members of the Board of Commissioners and the grounds of such changes (if any); and | |
| | 6. Frequencies and ways of giving advice to the members of the Board of Directors;; | 42 |
| | e. Profile of the Issuer or Public Company | |
| | Profile of the Issuer or Public Company shall at least contains: | 42 |
| | 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; | 98 |
| | 2. Access to the Issuer or Public Company including branch offices or representative offices that allow the public to obtain information about the Issuer or Public Company that include: | |
| | a) Address; | 98 |
| | b) Telephone number; | 98 |
| | c) Facsimile number; | 98 |
| | d) Electronic mail address; and | |
| | e) Website address; | |
| | 3. The brief history of the Issuer or Public Company; | 44 |
| | 4. The vision and mission of the Issuer or Public Company; | 54 |
| | 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; | 46 |
| | 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; | 52 |
| | 7. The profile of the Board of Directors, shall at least contains: | 65 |
| | a) Name and position to suit the tasks and responsibilities; | 65 |
| | b) Recent photograph; | |
| | c) Age; | 65 |
| | d) Citizenship; | 65 |
| | e) Educational background; | 65 |
| | f) Working experiences that include the following information: | 65 |
| | 1) The legal basis of the appointment as the member of the Board of Directors at the concerned Issuer or Public Company; | 65 |
| | 2) Double post, either as a member of the Board of Directors, a member of the Board of Commissioners and/or members of committees as well as other positions (if any); and | |
| | 3) Working experiences along with the time period in both inside and outside of the Issuer or Public Company; | |
| | g) Education and/or training which have been attended by the members of the Board of Directors in improving the competence in the fiscal year (if any); and | 211 |
| | 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; | 221 |

| Criteria | Explanation | Page |
|---|---|---|
| | 8. The profile of the Board of Commissioners, shall at least contains: | 62 |
| | a) Name; | 62 |
| | b) Recent photograph; | 62 |
| | c) Age; | 62 |
| | d) Citizenship; | 62 |
| | e) Educational background; | 62 |
| | f) Working experiences, include information about: | 62 |
| | 1). The legal basis of the appointment as the member of the Board of Commissioners that is not as the Independent Commissioner at the concerned Issuer or Public Company; | |
| | 2). The legal basis of the appointment for the first time as the member of the Board of Commissioner that is as the Independent Commissioner at the concerned Issuer or Public Company; | |
| | 3) Double post, either as a member of the Board of Commissioners, a member of the Board of Directors and/ or members of committees as well as other positions (if any); and | |
| | 4) Working experiences along with the time period in both inside and outside of the Issuer or Public Company; | |
| | g) Education and/or training which have been attended by the members of the Board of Commissioners in improving the competence in the fiscal year (if any); | 201 |
| | 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; | 197 |
| | i) Independence statement of the Independent Commissioner in terms of the Independent Commissioner has served for more than 2 (two) periods (if any); | |
| | 9. In the event of a change in the composition of the members of Board of Directors and/or members of the Board of Commissioners that occurred after the end of the fiscal year until the deadline of Annual Report's submission, the composition which shall be stated in the Annual Report is the latest and previous compositions of the members of the Board of Directors and/or members of the Board of Commissioners; | 68-69<br>75 |
| | 10. The number of employees and distribution description of educational level and age of employees during the fiscal year;11. Nama pemegang saham dan persentase kepemilikan pada akhir tahun buku, yang terdiri dari: | 76<br>75 |
| | 11. The names of shareholders and ownership percentage at the end of fiscal year, comprising of: | |
| | a) Shareholders who own 5% (five percent) or more shares of the Issuer or Public Company; | 75 |
| | b) Members of the Board of Directors and members of Board of Commissioners who own shares of the Issuer or Public Company; and | |
| | c) Public shareholder group, that is a group of shareholders who respectively have less than 5% (five percent) of the shares of Issuer or Public Company; | 75 |
| | 12. The number of shareholders and ownership percentage as per the end of the fiscal year based on the following classifications: | |
| | a) ownership of local institutions; | |
| | b) ownership of foreign institutions; | 76 |
| | c) ownership of local individuals; and | |
| | d) ownership of foreign individuals; | |
| | 13. Information regarding the majority shareholder and the controller of the Issuer or Public Company, either directly or indirectly, to the individual owner, that presented in the form of schemes or charts; | |
| | 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);<br>For subsidiaries, added with information about the address of such subsidiaries; | |

| 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); | 92 |
| | 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); | 93 |
| | 17. Name and address of the capital market supporting institutions and/or professionals; | 94 |
| | g) Education and/or training who has followed a member of the board of commissioners in increasing competence in the book year (if any) | 199 |
| | h) 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 | 221<br>95 |
| | 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: | 96-97 |
| | 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<br>Management discussion and analysis contains the analysis and discussion on the financial statements and other significant information by emphasizing the material changes occured 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; | 11 |
| | 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: | 128 |
| | a) Current assets, non-current assets, and total assets; | |
| | b) Short-term liabilities, long-term liabilities, and total liabilities; | |
| | c) Equity; | 136 |
| | d) Revenue/sales, expenses, profit (loss), other comprehensive earnings, and total comprehensive profit (loss); and | 142 |
| | e) Cash flow; | 144 |
| | 3. Ability to pay the debt by presenting the relevant ratio calculation; | 128 |
| | 4. The level of receivables collection of the Issuer or Public Company by presenting the relevant ratio calculation; | 145<br>145 |

| Criteria | Explanation | Page |
|---|---|---|
| | 5. Capital structure and management policy on such capital structure along with the basis for such policy determination; | 147 |
| | 6. Discussions on the material commitments for capital goods investment with explanations at least include: | 147 |
| | 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; | |
| | 7. Discussions on the investment of capital goods which realized in the last fiscal year, shall at least include: | 147 |
| | a) The type of capital goods investment; | 147 |
| | b) The objective of capital goods investment; and | 147 |
| | c) The value of the issued capital goods investment; | 147 |
| | 8. Material information and facts that occurred after the date of the auditor's report (if any); | 150 |
| | 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; | 150 |
| | 10. The ratio between the target/projection at the beginning of the fiscal year with the achieved results (realization), concerning: | 148 |
| | a) Revenues / sales; | 148 |
| | b) Profit (loss); | 148 |
| | c) Capital structure; or | |
| | d) Other matters that are considered important for the Issuer or Public Company; | 148 |
| | 11. Target/projection to be achieved by the Issuer or Public Company for 1 (one) year ahead, concerning: | 149 |
| | 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; | |
| | 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; | 153 |
| | 13. The description of the dividend for the last 2 (two) fiscal years (if any), at least: | 159 |
| | a) Dividend policy; | 159 |
| | b) Payment date of cash dividends and/or distribution date of non-cash dividends; | 159 |
| | c) Amount of dividend per share (cash and/or non-cash); and | 159 |
| | d) Amount of dividends paid per year; | 159 |

| 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 | 160 |
| | b) In terms of there is a change in the use of proceeds as set out in the Regulation of Financial Services Authority concerning the Report of the Realization of the Use of Public Offering Proceeds, then the Issuer shall explain such change; | |
| | 15. Information material (if any), among others concerning investment, expansion, divestment, merger/consolidation, acquisition, debt/equity restructuring, Affiliate transaction, and transaction with conflict of interest, which happened in the fiscal year, among others contain: | 147 |
| | a) Date, value, and the object of the transaction; | |
| | b) The name of parties to a transaction; | |
| | c) The nature of Affiliation (if any); | |
| | d) A description of the fairness of the transaction; and | |
| | e) Compliance with the relevant provisions; | |
| | 16. Changes in provisions of laws and regulations which significantly effect on the Issuer or Public Company and its impacts on financial statements (if any); and | |
| | 17. Changes in accounting policies, the reasons and impacts on the financial statements (if any); | 161 |
| | g. Governance of the Issuer or Public Company | |
| | Governance of the Issuer or Public Company shall at least contains brief descriptions of the: | 163 |
| | 1. Board of Directors, covers among others: | |
| | a) The duties and responsibilities of each member of the Board of Directors; | 173 |
| | b) A statement that the Board of Directors has the guideline or charter of the Board of Directors; | 207 |
| | 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; | 217 |
| | e) Information regarding the GMS resolutions 1 (one) year before, that includes: | 202 |
| | 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; | 190 |
| | 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; | 210 |

| Criteria | Explanation | Page |
|---|---|---|
| | 2). Board of Commissioners, covers among others: | 197 |
| | a) The duties and responsibilities of the Board of Commissioners; | 197 |
| | b) A statement that the Board of Commissioners has the guideline or charter of the Board of Commissioners; | |
| | c) The procedures, the determination basis, the structure and the remuneration amount of each member of the Board of Commissioners; | 206-207 |
| | 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; | 202-204 |
| | 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: | 183 |
| | 1). The implementation procedures of the performance assessment; | 183<br>183 |
| | 2). The criteria used; and | 183 |
| | 3). The party who perform the assessment; | |
| | f) Assessment of the performance of the committees that support the implementation of the Board of Commissioners duties; and | |
| | g) In terms of the Board of Commissioners does not form the Nomination and Remuneration Committee, contained the information that shall at least concerning: | |
| | 1). The reason for not established the committee; and | |
| | 2). The procedures of nomination and remuneration that performed during the fiscal year; | |
| | 3. Sharia Supervisory Board, for an Issuer or Public Company that conducts its business activities based on sharia principles as set out in the articles of association, at least contains: | |
| | a) Name; | |
| | b) The duties and responsibilities of the Sharia Supervisory Board; and | |
| | c) The frequency and ways of giving advice and suggestions as well as monitoring of the fulfillment of Sharia Principles in Capital Market against the Issuer or Public Company; | |
| | 4. Audit Committee, covers among others: | 226 |
| | a) Name and position in the membership of the committee; | 226 |
| | b) Age; | |
| | c) Citizenship; | 226 |
| | d) Educational background; | 226 |
| | e) Working experiences include information about: | 226 |
| | 1). The legal basis for the appointment as a member of the committee; | |
| | 2). Double post, either as the member of the Board Commissioners, the member of the Board of Directors and/or the member of committees as well as other positions (if any); and | |
| | 3). Working experiences along with the time period in both inside and outside of the Issuer or Public Company; | |
| | f) Period and tenure of members of the Audit Committee; | |
| | g) Independence statement of the Audit Committee; | 226 |
| | h) Policies and implementations concerning the frequency of the Audit Committee's meetings and the attendance of members of Audit Committee in such meetings; | 227<br>228 |
| | i) Education and/or training which have been attended in the fiscal year (if any); and | |
| | j) Implementation of the Audit Committee activities at the fiscal year in accordance with as specified in the guideline or charter of Audit Committee; | 225<br>228 |

| Criteria | Explanation | Page |
|---|---|---|
| | 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: | |
| | a) Name and position in the membership of the committee; | 229 |
| | b) Age; | |
| | c) Citizenship; | 229 |
| | d) Educational background; | 229 |
| | e) working experiences, include information about: | 229 |
| | 1). The legal basis of the appointment as the member of the committee; | |
| | 2). Double post, either as a member of the Board Commissioners, a member of the Board of Directors and/ or members of committees as well as other positions (if any); and | |
| | 3). Working experiences along with the time period in both the inside and outside of the Issuer or Public Company; | |
| | f) Period and tenure of members of the committees; | 229 |
| | g) Description of duties and responsibilities; | 231 |
| | h) The committee's statement that has had the guidelines or charter of committees; | |
| | i) Independence statements of the committees; | 231 |
| | j) The policies and the implementation regarding the frequency of committee's meetings and the attendance of committee members in such meetings; | 232 |
| | k) Education and/or training which have been attended during the fiscal year (if any); and | 229 |
| | l) The brief description of the implementation of the committee's activities at the fiscal year; | 232 |
| | 6. Corporate Secretary, covers among others: | |
| | a) Name; | 239 |
| | b) Domicile; | 239 |
| | c) Working experiences that include the following information: | 239 |
| | 1). The legal basis of the appointment as the Corporate Secretary; and | 239 |
| | 2). Working experiences along with the time period in both inside and outside of the Issuer or Public Company; | 239 |
| | d) Educational background; | 239 |
| | e) Education and/or training which have been attended in the fiscal year; and | 239 |
| | f) The brief description of the implementation of Corporate Secretary's duties at the fiscal year; | 238 |
| | 7. Internal Audit Unit, covers among others: | |
| | a) Name of the head of the Internal Audit Unit; | 240 |
| | b) Working experiences that includes the following information: | 240 |
| | 1). The legal basis of the appointment as the head of the Internal Audit Unit; and | |
| | 2). The legal basis of the appointment as the head of the Internal Audit Unit; and | |
| | c) Qualifications or certifications as the internal audit profession (if any); | 242 |
| | d) Education and/or training which have been attended in the fiscal year; | 242 |
| | e) The structure and position of the Internal Audit Unit; | 240 |
| | f) The description of duties and responsibilities; | 241 |
| | g) The statement that it has had the guidelines or charter of the Internal Audit Unit; and | |
| | h) The brief description of the implementation of the Internal Audit Unit's duties at the fiscal year; | 242 |

| 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 | 243 |
| | b) Review of the effectiveness of internal control system; | |
| | 9. The risk management system applied by the Issuer or Public Company, shall at least concerning: | 243 |
| | a) An overview of the risk management system of the Issuer or Public Company; | |
| | b) The type of risks and their management methods; and | 244 |
| | c) A review of the effectiveness of the Issuer's or Public Company's risk management system; | 248 |
| | 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: | 252 |
| | a) The principal case/claim; | |
| | b) The settlement status of the case/claim; and | |
| | c) The impact on the condition of the Issuer or Public Company; | |
| | 11. Information concerning the administrative sanctions imposed on the Issuer or Public Company, members of the Board of Commissioners and Board of Directors, by the Capital Market authority and other authorities at the fiscal year (if any); | 255 |
| | 12. Information concerning the Issuer's or Public Company's code of conduct that includes: | |
| | a) The main points of the code of conduct; | 256 |
| | b) The form of the code of conduct's socialization and its enforcement efforts; and | 260 |
| | 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; | 260 |
| | 13. Information concerning the corporate culture or the corporate values (if any); | 56 |
| | 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; | 91 |
| | b) The exercise period; | 91 |
| | c) The requirements of the eligible employees and/or management; and | |
| | d) The exercise price; | |
| | 15. Description of the violation reporting system (whistleblowing system) at the Issuer or Public Company (if any), among others, includes: | |
| | a) The submission method of violation reports; | 176 |
| | b) Protection for whistleblowers; | |
| | c) Complaints handling; | 184 |
| | 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 | 262<br>263 |
| | 2). Follow up complaints; | 264 |
| | 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: | 264 |
| | a) The statement regarding the recommendations that have been implemented; and/or | 265 |
| | b) Description of the recommendations that have not been implemented, with the reasons and its alternative implementation (if any); | 265 |

| 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: | 278 |
| | 1). The use of eco-friendly materials and energy and can be recycled; | |
| | 2). Waste treatment system of the Issuer or Public Company; | 277 |
| | 3). The complaint mechanism of environmental problems; and | 308 |
| | 4). Certifications in the environmental sector owned; | |
| | b) The employment practices, occupational health and safety, among others: | |
| | 1). Gender equality and employment opportunities; | |
| | 2). Occupational facilities and safety; | |
| | 3). Rate of employees transfer (turnover); | 287 |
| | 4). Education and/or training; | 296-297 |
| | 5). Education and/or training; | |
| | 6). Remuneration; and | 287 |
| | 7). The complaint mechanism of employment issues; | |
| | c) Social and community development, among others: | |
| | 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: | |
| | 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; | |

| Criteria | Explanation | Page |
|---|---|---|
| | i. Annual Financial Statements which Have Been Audited<br>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 | 316 |
| | 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<br>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. | 38 |
| IV. CLOSING | Letter financial services authority it began applies to date set.<br><br>Set in<br>On 3 August 2016 | |

# 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 Presidencial 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 airned 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 |

| | |
|---|---|
| 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 ad 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 |

| | |
|---|---|
| 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 |