



PT Perusahaan Gas Negara (Persero) Tbk
(incorporated in the Republic of Indonesia with limited liability)

US\$1,350,000,000 5.125% Senior Notes due 2024
Issue Price: 99.037%

PT Perusahaan Gas Negara (Persero) Tbk is offering (the “Offering”) US\$1,350,000,000 5.125% Senior Notes due 2024 (the “Notes”). The Notes will bear interest at the rate of 5.125% per year. Interest on the Notes is payable semi-annually in arrears on November 16 and May 16 of each year (each, an “Interest Payment Date”) commencing on November 16, 2014. The Notes will be our senior unsecured obligations and will mature on May 16, 2024.

We may redeem the Notes as a whole but not in part at any time upon the occurrence of certain tax events. Upon the occurrence of a Change of Control Triggering Event (as defined herein), we must make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase. The Notes will not otherwise be redeemable prior to their maturity. For a more detailed description of the Notes, see “Description of the Notes” beginning on page 126.

The Notes are expected to be rated “Baa3” by Moody’s Investors Service, Inc. (“Moody’s”), “BB+” by Standard & Poor’s Ratings Group, a division of the McGraw-Hill Companies Inc. (“Standard & Poor’s”), and “BBB-” by Fitch Ratings Ltd. (“Fitch”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in the Notes involves certain risks. See “Risk Factors” beginning on page 11 to read about factors you should consider before buying the Notes.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any other jurisdiction and may not be offered or sold within the United States, except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act (“Rule 144A”) and outside the United States in offshore transactions in reliance on Regulation S under the Securities Act (“Regulation S”). Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Offering Circular, see “Plan of Distribution” and “Transfer Restrictions.”

It is expected that the delivery of the Notes will be made through the facilities of The Depository Trust Company (“DTC”) on or about May 16, 2014.

Approval in-principle has been received for the listing of the Notes on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of our company, our subsidiaries, our associated companies or the Notes.

Joint Bookrunners and Joint Lead Managers

ANZ

J.P. Morgan

Standard Chartered Bank

Co-managers

PT Danareksa Sekuritas

PT Bahana Securities

The date of this Offering Circular is May 12, 2014

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NOTICE TO INVESTORS

You should rely only on the information contained in this Offering Circular in making an investment decision with respect to the Notes and no reliance should be placed on any other materials. None of PT Perusahaan Gas Negara (Persero) Tbk, its subsidiaries, Australia and New Zealand Banking Group Limited, J.P. Morgan Securities plc and Standard Chartered Bank (together, the “Joint Bookrunners and Joint Lead Managers”), PT Bahana Securities or PT Danareksa Sekuritas (collectively with the Joint Bookrunners and the Joint Lead Managers, the “Initial Purchasers”) or any of their respective affiliates has authorized anyone to provide you with any additional or different information. This Offering Circular may only be used where it is legal to offer and sell the Notes. The information in this Offering Circular may only be accurate as of the date of this Offering Circular or other dates as indicated herein. You should be aware that since the date of this Offering Circular there may have been changes in our business, financial condition and results of operations or otherwise that could affect the accuracy or completeness of the information set out in this Offering Circular.

This Offering Circular is being provided on a confidential basis in connection with an offering exempt from registration under the Securities Act and applicable U.S. state securities laws solely for the purpose of enabling prospective investors to consider the purchase of the Notes. None of us, the Initial Purchasers or any of their respective affiliates is authorizing the use of this Offering Circular for any other purpose. The information contained in this Offering Circular has been provided by us and other sources identified in this Offering Circular. No representation or warranty, express or implied, is made by the Initial Purchasers or their respective affiliates as to the accuracy or completeness of such information, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Initial Purchasers or any of their respective affiliates. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein is prohibited, except to the extent such information is otherwise publicly available.

The distribution of this Offering Circular and the offer and sale of the Notes offered hereby are restricted by law in certain jurisdictions. You should inform yourselves about and comply with all applicable laws and regulations in force in any jurisdiction in connection with the distribution of this Offering Circular and the offer and sale of the Notes. None of us, the Initial Purchasers nor any of their respective affiliates, directors, officers, employees, agents or advisors is making any representation or undertaking to any investor regarding the legality of an investment in the Notes.

In making an investment decision, you should rely on your own examination of us and the terms of the Offering, including the merits and risks involved. You should not construe the contents of this Offering Circular as legal, business, financial or tax advice. You should consult your own attorney, business advisor, tax advisor or other professional advisor.

None of us, the Initial Purchasers nor their respective affiliates is offering to sell the Notes in any jurisdiction where the offer or sale is not permitted. This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful. No action has been taken in any jurisdiction that would permit a public offering to occur in any jurisdiction.

We reserve the right to withdraw this Offering of the Notes at any time and we and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes, in whole or in part. We also reserve the right to allot to you less than the full amount of Notes sought by you. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes.

In connection with the issue and distribution of the Notes, J.P. Morgan Securities plc or any person acting for it may, subject to applicable laws and regulations, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period of time. However, neither J.P. Morgan Securities plc nor any person acting on its behalf is under any obligation to do so. Furthermore, such stabilization, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

In this Offering Circular, all references to:

- “Government” refer to the Government of Indonesia;
- “Government Agencies” refer to government agencies, and local government agencies, such as sub-district administrative organizations, provincial administrative organizations and municipalities;
- “Indonesia” refer to the Republic of Indonesia;
- “Japanese Yen” or “JPY” refer to the lawful currency of Japan;
- “our management”, “Directors” and “Commissioners” refer to the management, directors and commissioners of our Company;
- “Rupiah,” or “Rp.” refer to the lawful currency of Indonesia;
- “U.S. Dollar” or “US\$” refer to the lawful currency of the United States of America;
- “United States” or “U.S.” refer to the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
- “we”, “our”, “ourselves” or “us” refer to PT Perusahaan Gas Negara (Persero) Tbk or to PT Perusahaan Gas Negara (Persero) Tbk and its subsidiaries, taken as a whole, as the context may require; and
- “you” or “your” refer to potential investors in, or purchasers of the Notes.

Certain of the terms defined above are also defined in the “Glossary of Terms” contained elsewhere in this Offering Circular.

Any reference in this Offering Circular to any law, regulation or notification is a reference to such law, regulation or notification as the same may have been, or may from time to time be, amended, supplemented or replaced.

NOTE TO PROSPECTIVE PURCHASERS IN THE UNITED STATES

The Notes have not been, and will not be, registered under the Securities Act, or any U.S. state securities laws. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States. Pursuant to the Offering, the Notes may not be offered or sold in the United States except that the Notes may be offered or sold to persons who are qualified institutional buyers as defined in Rule 144A in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The Notes are not transferable except in accordance with the restrictions described under “Transfer Restrictions.” Each purchaser of Notes will be deemed to have made certain acknowledgements, representations and agreements as set forth herein. For a description of these and certain other restrictions on offers, sales and transfers of Notes and distribution of this Offering Circular, see “Plan of Distribution” and “Transfer Restrictions.”

The Notes which are being offered in the Offering have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “SEC”), any U.S. state securities commission, any other U.S. regulatory authority or any foreign securities commission or regulatory authority. The foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Circular, nor have they passed upon or endorsed the merits of the Offering. Any representation to the contrary is a criminal offense in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Notes offered hereby within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

NOTICE TO INDONESIAN INVESTORS

The Notes have not been offered or sold and will not be offered or sold in Indonesia or to any Indonesian nationals, corporations or residents, including by way of invitation, offering or advertisement, and this Offering Circular and any other offering material relating to the Notes has not been distributed, and will not be distributed, in Indonesia or to any Indonesian nationals, corporations or residents in a manner which would constitute a public offering in Indonesia under Law No. 8 of 1995 on Capital Market. The Indonesian Financial Service Authority (Otoritas Jasa Keuangan or “OJK”) (formerly known as Bapepam-LK) has not reviewed or declared its approval or disapproval of the issue of the Notes, nor has it made any determination as to the accuracy or adequacy of this Offering Circular. Any statement to the contrary is a violation of Indonesian law.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED (“RSA 421-B”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATION OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

Subject to the following sentence, and for so long as the Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act, we will furnish, upon the request of any holder of Notes, such information as is specified in paragraph (d)(4) of Rule 144A under the Securities Act, to such holder or beneficial owner or to a prospective purchaser of such Notes or interest therein who is a qualified institutional buyer within the meaning of Rule 144A, in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such Notes or any beneficial interest therein in reliance on Rule 144A. Notwithstanding the above, we will not provide such information if, at the time of such request, we are subject to the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”), or we are exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a limited liability company established in Indonesia. All of our Commissioners, Directors and executive officers reside in Indonesia. Substantially all of our assets and these other persons are located outside the United States. As a result, it may be difficult for investors to effect service of process upon such persons within the United States, or to enforce against us in court, judgments obtained in U.S. courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

We have been advised by our Indonesian legal advisor, Hadiputranto, Hadinoto & Partners, that judgments of courts outside Indonesia are not enforceable in Indonesian courts. A foreign court judgment could be offered and accepted into evidence in a proceeding on the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate in its sole discretion. A claimant may be required to pursue claims in Indonesian courts on the basis of Indonesian law. A purchaser of the Notes may not be able to enforce judgments against us obtained in the United States based upon certain of the civil liability provisions of the securities laws of the United States or any states thereof in Indonesian courts, and Indonesian courts may not enter judgments in original actions brought in Indonesian courts based solely upon the civil liability provision of the securities laws of the United States or any state thereof. Re-examination of the underlying claim would be required before the Indonesian court. There can be no assurance that the claims or remedies available under Indonesian law will be the same, or as extensive as those available in other jurisdictions. For more details, see “Risk Factors — Risks Relating to Ownership of the Notes — It may not be possible for investors to effect service of process or to enforce certain judgments against us or our management” and “Risk Factors — Risks Relating to Ownership of the Notes — Holders of the Notes will be exposed to a legal system subject to considerable discretion and uncertainty and may have difficulty pursuing claims under the Notes.”

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Offering Circular, references to “2011,” “2012” and “2013” refer to our fiscal years ended December 31, 2011, 2012 and 2013, respectively. Our consolidated financial statements as of and for the years ended December 31, 2011, 2012 and 2013, were audited by Purwantono, Suherman & Surja (a member firm of Ernst & Young Global Limited), independent public accountants, in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants (“IICPA”), as stated in their reports included elsewhere in this Offering Circular. Unless otherwise stated, all our financial information is stated in accordance with Indonesian Financial Accounting Standards (“IFAS”) and our financial statements are presented on a consolidated basis. Since 2012, our reporting currency has been the U.S. Dollar, and accordingly our consolidated financial statements for 2011, 2012 and 2013 are presented in the U.S. Dollar.

IFAS differ in certain material respects from generally accepted accounting principles in the United States. For a description of significant accounting differences between IFAS and United States Generally Accepted Accounting Principles (“U.S. GAAP”) that are relevant to the financial statements included in this Offering Circular, see “Summary of Certain Significant Differences Between Indonesian Financial Accounting Standards and United States Generally Accepted Accounting Principles.”

Rupiah amounts relating to realized average prices, costs and tariffs for our distribution and transmission businesses have been translated into U.S. Dollar amounts based on the middle exchange rates calculated based on Bank Indonesia’s announced buying and selling rates, on the relevant transaction date. No representation is made that the Rupiah or U.S. Dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. Dollar at any particular rate or at all. See “Exchange Rates” for certain historical information on the reference rate between the Rupiah and the U.S. Dollar.

Figures and percentages are rounded to one or two decimal places, where appropriate. Any discrepancies in the tables included in this Offering Circular between the amounts listed and the totals are due to rounding.

Certain daily average volume figures for our natural gas distribution and transmission businesses used in this Offering Circular are given in million standard cubic feet per day (“MMscfd”). “Standard cubic feet” is a standardized measurement of natural gas volume adjusted to a defined temperature and pressure to provide a standardized measurement. For distribution customers, natural gas used is measured in cubic meters using a gas meter at the customer receiving point. In order to convert a cubic meter measurement into a standard cubic feet measurement, the conversion factor must take into account the calorific value of the natural gas involved, which varies. In this Offering Circular, the calorific values used for conversion purposes are the annual averages for each distribution network which are used for billing purposes. The average amount of standard cubic feet per day for any period is calculated by taking the aggregate amount of standard cubic feet for the period and dividing by the actual number of days in the period.

Unless otherwise stated, natural gas distribution revenues given throughout this Offering Circular are expressed net of sales adjustments. Sales adjustments are changes which we agree with customers, after they have been invoiced, to the quantity of natural gas consumption for which they are billed in a particular period. These changes may be made if the customer disagrees with the metered quantity of natural gas or with the calorific value used to convert the volume in cubic meters to MMBtu for U.S. Dollar billing purposes.

The information on our website, or the websites of any of our subsidiaries, or any website directly or indirectly linked to such websites, is not incorporated by reference into this Offering Circular and should not be relied upon.

NON-GAAP FINANCIAL MEASURES

In this Offering Circular, we refer to our “EBITDA.” We define EBITDA as our profit for the year before depreciation, amortization, finance costs, net loss/gain on foreign exchange, finance income, net loss/gain on fair value of derivative, share in loss/profit of associates, tax expense for current year and deferred tax expense/benefit, as calculated under IFAS. See “Summary Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures.” Unless otherwise indicated, the EBITDA figures in this Offering Circular are calculated on a consolidated basis. EBITDA is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, IFAS or U.S. GAAP. Further, EBITDA is not a measurement of our financial performance or liquidity under IFAS or U.S. GAAP and should not be considered as an alternative to net income or any other performance measures derived in accordance with IFAS or U.S. GAAP or as an alternative to cash flow from operations or as a measure of our liquidity.

Our management believes that EBITDA serves as a useful indicator of our operating performance. We believe that EBITDA is a measure commonly used by analysts, investors and peers in our industry. Accordingly, we have disclosed this information to permit a more complete analysis of our operating performance. EBITDA, as we calculate it, may not be comparable to similarly titled measures reported by other companies. For a reconciliation of EBITDA to our profit for the year, please see the consolidated statement of comprehensive income set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” EBITDA may not be indicative of our historical results of operations, nor is it meant to be predictive of future results.

INDUSTRY, MARKET AND RESERVE DATA

This Offering Circular includes certain market share, statistical and industry data and third-party projections and forecasts regarding growth and performance of the industry we operate and invest in that we have obtained from industry publications and surveys, publicly available documents and government publications, Wood Mackenzie (“Wood Mackenzie”), as well as from internal sources. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but except for any data we provided to Wood Mackenzie in connection with the preparation of their report dated April 29, 2014 (the “Wood Mackenzie Report”), we cannot assure you that such data is complete or accurate. Information, including estimates, expectations and forecasts relating to, in particular, the Indonesian gas industry, that appear under the section headed “Description of the Indonesian Gas Industry” in this Offering Circular, was derived from the Wood Mackenzie Report. Wood Mackenzie, an independent energy industry consultant and expert in the energy industry, has been commissioned by us to provide the Wood Mackenzie Report. While reasonable actions have been taken to ensure that the information is extracted accurately and in its proper context, none of us (except with respect to any data we provided to Wood Mackenzie in connection with the preparation of the Wood Mackenzie Report), the Initial Purchasers nor any of their respective affiliates has independently verified any of the data or ascertained the underlying economic assumptions relied upon therein. Similarly, third-party projections cited in this Offering Circular are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. The industry and market data contained in this Offering Circular, including under “Description of the Indonesian Gas Industry,” which are derived from the Wood Mackenzie Report, has not been updated since the date of such report. No assurances are or can be given that the estimated figures will be achieved. In addition, financial data with respect to Indonesia provided in this Offering Circular may be subsequently revised in accordance with Indonesia’s ongoing maintenance of its economic data, and such revised data will not be distributed by us to any holder of the Notes. As a result, you are cautioned against undue reliance on such information.

The data in this Offering Circular on the remaining commercially recoverable reserves for each of the oil and gas blocks in which we have, through our subsidiary PT Saka Energi Indonesia (“Saka”), a participating interest are “net reserves” and, as such, represents our share of the estimated remaining

commercially recoverable reserves in each such block, based on our equity interest in such block, and before deducting the share payable to the Government and/or other owners of the reserves pursuant to the terms of the relevant production sharing arrangements. These estimates were prepared by Wood Mackenzie and the definition used for “remaining commercially recoverable reserve” is expected remaining proved plus probable oil, gas, condensate and liquefied petroleum gas reserves, which, on the basis of current technical and commercial conditions, are sufficiently profitable to the participants to allow development or production to proceed. These estimates are based on various assumptions and interpretation of data obtained from drilling, testing and production that may prove to be incorrect over time. Because of the impact of such assumptions and methodologies used, identical raw data can produce varying classifications and estimates of reserves. The accuracy of any reserve evaluation depends on the quality of available information and engineering and geological interpretation. No assurance can be given that the reserve estimates presented in this Offering Circular will be recovered at the levels presented and may be significantly restated upwards or downwards.

In addition, prospective investors should note that we are not a reporting company in the United States and so we are not required to report our reserves in accordance with SEC definitions.

EXCHANGE RATES

The following table shows the exchange rate of Rupiah to U.S. Dollar based on the middle exchange rates at the end of each month or day, as the case may be, during the periods indicated. The Rupiah middle exchange rate is calculated based on Bank Indonesia's buying and selling rates. No representation is made that the Rupiah or U.S. Dollar amounts referred to herein could have been or could be converted into U.S. Dollar or Rupiah, as the case may be, at the rate indicated or any other particular rate, or at all.

	<u>At period end</u>	<u>Average⁽²⁾</u>	<u>High⁽²⁾</u>	<u>Low⁽²⁾</u>
Year	(Rp. per US\$1.00)			
2009	9,400	10,356	11,980	9,400
2010	8,991	9,078	9,365	8,924
2011	9,068	8,773	9,170	8,508
2012	9,670	9,419	9,670	9,000
2013	12,189	10,563	12,189	9,667
November	11,977	11,587	11,977	11,354
December	12,189	12,087	12,270	11,830
2014				
January	12,226	12,180	12,267	12,047
February	11,634	11,935	12,251	11,620
March	11,404	11,247	11,647	11,272
April	11,532	11,436	11,608	11,271

Notes:

- (1) These data are sourced from Statistik Ekonomi dan Keuangan Indonesia (Indonesian Financial Statistics) published monthly by Bank Indonesia, Internet website of Bank Indonesia, available at: <http://www.bi.go.id/en/moneter/informasi-kurs/transaksi-bi/Default.aspx>.
- (2) For full years, the high and low amounts are determined, and the average shown is calculated, based upon the middle exchange rate announced by Bank Indonesia on the last day of each month during the year indicated. For each month, the high and low amounts are determined, and the average shown is calculated, based on the daily middle exchange rate announced by Bank Indonesia during the month indicated.

The middle exchange rate on April 30, 2014 was Rp.11,532 = US\$1.00.

The Federal Reserve Bank of New York does not certify for customs purposes the noon buying rate for cable transfers in Rupiah.

EXCHANGE CONTROL

Indonesia has limited foreign exchange controls. The Rupiah has been, and in general is, freely convertible within or from Indonesia. However, to maintain the stability of the Rupiah, and to prevent the utilization of the Rupiah for speculative purposes by non-residents, Bank Indonesia has introduced regulations to restrict the movement of Rupiah from banks within Indonesia to offshore banks, offshore branches of Indonesian banks, or any investment denominated in Rupiah with foreign parties and/or Indonesian parties domiciled or permanently residing outside Indonesia without underlying transactions, thereby limiting offshore trading to existing sources of liquidity. In addition, Bank Indonesia has the authority to request information and data concerning the foreign exchange activities of all persons and legal entities that are domiciled, or who plan to be domiciled, in Indonesia for at least one year. Bank Indonesia regulations also require companies that have total assets or total annual gross revenues of at least Rp.100 billion, to report to Bank Indonesia all data concerning their foreign currency activities, if the relevant transaction is not conducted via a domestic bank or domestic non-bank financial institution (for example, insurance companies, securities companies, finance companies, or venture capital companies). However, if the transaction is conducted via a domestic bank and/or domestic non-bank financial institution, the requirement to report to Bank Indonesia is imposed instead on the relevant domestic banks or non-bank financial institutions that carried out the transaction. The transactions that must be reported include receipt and payment through bank accounts outside of Indonesia.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains, and any amendment or supplement to this Offering Circular may contain, “forward-looking” statements that relate to future events, which are, by their nature, subject to significant risks and uncertainties. All statements, other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding our future financial position and results of operations, strategy, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words “believe,” “expect,” “plan,” “aim,” “intend,” “will,” “may,” “project,” “estimate,” “forecast,” “anticipate,” “predict,” “seek,” “should” or similar words or expressions, are forward-looking statements.

These forward-looking statements include, without limitation, statements relating to:

- estimated financial information and projections regarding our group, and our future development and economic performance;
- future earnings, cash flow and liquidity;
- potential growth opportunities;
- financing plans;
- our investment strategy;
- our relationship with the Government and our key customers and suppliers;
- the competitive position and the effects of competition on our investments;
- development of additional revenue sources;
- the amount and nature of future capital expenditures;
- delays or changes in the development of our transmission and distribution networks;
- our upstream and LNG businesses;
- our gas reserve estimates;
- the condition of and changes in the local, Indonesian, Asian or global economies;
- the demand for, prices of and availability of natural gas, LNG and other fuels in Indonesia;
- changes in the value of the Rupiah against the U.S. Dollar and other currencies;
- the Indonesian oil and gas industry;
- the performance of third parties under material agreements;
- our ability to secure sufficient supplies of natural gas to support expansion of our distribution business;
- regulatory changes and future Government policy relating to the oil and gas industry in Indonesia;
- the outcome of litigation, arbitration or other proceedings involving us; and
- the timing of the Offering.

The future events referred to in these forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future and are not a guarantee of future performance. Important factors that could cause the actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- revenues generated by our natural gas distribution, transportation and upstream businesses;
- termination of any agreements with supplier or customers, or regulatory licenses or permits;
- competition from other companies in the oil and gas industry, including companies with greater resources than us;
- risks associated with changes in customers' preferences and the relative prices of alternative energy sources;
- dependence on third parties for the supply of natural gas and equipment or services relating to upstream business activities;
- compliance by third parties with their obligations under agreements to which we or our subsidiaries are parties;
- compliance costs and potential liability for remedial actions under existing or future environmental obligations;
- changes in the value of the Rupiah against other currencies, including the U.S. Dollar and the Japanese Yen;
- changes in interest rates;
- changes in our suppliers or other major customers;
- changes in demand for our natural gas, LNG and related services we deliver;
- acts of international or domestic terrorism;
- changes in general economic, business and political conditions in Indonesia and surrounding countries;
- changes in the laws, regulations, taxation, accounting standards or practices, or policies of the Government which apply to us;
- labor unrest or other similar situations;
- our ability to obtain and retain skilled personnel;
- the availability of insurance coverage at commercially acceptable premiums;
- accidents, public disorder, natural disasters, severe weather or outbreaks (or fear of outbreaks) of infectious diseases;
- our management's success at managing the above-described risks and factors; and

- other factors not yet known to us.

This list of important factors is not exhaustive. Additional factors that could cause the actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, none of us, the Initial Purchasers or any of their respective affiliates undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. None of us, the Initial Purchasers or any of their respective affiliates makes any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Accordingly, you should not place undue reliance on any forward-looking statements.

INDONESIAN REGULATION OF OFFSHORE BORROWINGS

Under Presidential Decree No. 59/1972, as amended by Presidential Decree No. 120/1998 (“PD No. 59/1972”), offshore borrowings by a state-owned enterprise must be approved by the Minister of Finance of Indonesia. Further, under Presidential Decree No. 39/1991, the application to obtain approval for offshore borrowings by a state-owned enterprise must be submitted to the Team of Offshore Commercial Borrowing (“PKLN Team”), whose members include, among others, the Minister of Finance of Indonesia and the Governor of Bank Indonesia.

Under PD No. 59/1972, our company is also required to report particulars of its offshore borrowings to the Minister of Finance of Indonesia and the Governor of Bank Indonesia, on the acceptance, implementation, repayment of principal and payment of interest. Ministry of Finance Regulation No. KEP-261/MK/IV/5/73, as amended by the Ministry of Finance Regulation No. 417/KMK.013/1989 and by the Ministry of Finance Regulation No. 279/KMK.01/1991 as the implementing regulation of PD No. 59/1972, further requires that we submit reports to the Minister of Finance of Indonesia and the Governor of Bank Indonesia on the effective date of the contract and for each subsequent three-month period. In addition, under Presidential Decree No. 39/1991, all offshore commercial borrowers must submit reports to the PKLN Team upon the implementation of their offshore commercial borrowing. Presidential Decree No. 39/1991 does not stipulate the time frame, the format or the content of the reports that must be submitted.

Bank Indonesia has issued Bank Indonesia Regulation No. 14/21/PBI/2012 dated December 21, 2012 (“PBI 14/21/2012”). Per PBI 14/21/2012, any non-bank entity, which includes state-owned enterprises, regional state-owned enterprises, private enterprises and other entities that are not enterprises established by government or public, performing activities that cause a movement in financial assets and liabilities between an Indonesian citizen and non-citizen, including the movement of offshore financial assets and liabilities between Indonesian citizens, must submit a foreign exchange traffic report to Bank Indonesia. The report is required to include information on, among others, (i) goods, services, or other transactions between an Indonesian citizen and a non-citizen and/or (ii) position or changes in offshore financial assets and/or offshore financial liabilities and/or (iii) plan for and/or the realization of offshore loan.

The reporting obligations under PBI 14/21/2012 are further governed under the following Bank Indonesia Circulars as the implementing regulation of PBI 14/21/2012:

- (i) According to Bank Indonesia Circular No. 15/16/DInt of 2013 on the Reporting of Foreign Exchange Activities in the form of Offshore Loan Realization and Position, any persons, legal entities or other entities domiciled in Indonesia or planning to be domiciled in Indonesia for at least one year, who obtain offshore commercial borrowings in a foreign currency and/or Rupiah pursuant to a loan agreement, debt securities, trade credits and other debts without any minimum amount requirement (in contrast to reporting obligations of an individual’s offshore borrowings, which are required to be in an amount of at least US\$200,000 or its equivalent in any other currency) must submit reports to Bank Indonesia. The reports consist of the main data report and/or its amendment and the monthly recapitulation data report. The main data report must be submitted to Bank Indonesia no later than the 15th day of the month following the signing of the loan agreement or the issuance of the debt securities and/or the debt acknowledgement over the trade credits and/or other loans, and a monthly recapitulation data report must be submitted to Bank Indonesia between the first and the 15th day of each successive month, until the offshore commercial borrowing has been repaid in full. We have been advised by our Indonesian counsel that any failure to submit the required reports will subject the Company to certain administrative sanctions in the form of fines.

- (ii) Under Bank Indonesia Circular No. 15/17/DInt of 2013 on the Reporting of Foreign Exchange Activities in the form of Offshore Loan Plan, Amendment of Offshore Loan Plan, and Financial Information, an Indonesian company intending to obtain a long-term offshore borrowing in a foreign currency and/or Rupiah, is required to submit a report to Bank Indonesia by no later than March 15 of each year in relation to such loan including (i) annual offshore borrowing plans, (ii) analysis of the company's risk management, and (iii) credit rating (for a company which has been rated). In the event there is a change to the company's plan to obtain an offshore loan, an amendment to such report must be submitted to Bank Indonesia by no later than July 1 of the year of such change. In addition, an Indonesian company having an offshore loan position shall also submit semi-annual financial information reports to Bank Indonesia, which are required to contain the financial performance of such company in the previous reporting period, and the relevant company's short- and/or long-term offshore loan position, by no later than June 15 and December 15 of each year. Failure to submit the offshore loan report could result in the imposition of administrative sanctions in the form of warning letters and/or notifications to the relevant authority.

Bank Indonesia issued Regulation No. 14/25/PBI/2012 dated December 27, 2012 and Regulation 13/22/PBI/2011 dated September 30, 2011 (respectively, "BI Regulation 14/25/2012" and "BI Regulation 13/22/2011"). BI Regulation 14/25/2012 came into effect on January 1, 2013, and based on BI Regulation 14/25/2012, every Indonesian debtor with respect to an offshore loan must take remittance of the principal amount of the loan through an Indonesian foreign exchange bank ("Onshore Account"). The obligation applies to every loan that is derived from:

- a non-revolving loan agreement that is not used for a refinancing;
- the margin above a refinancing of a previous loan; and
- debt securities in the form of bonds, medium term notes, floating rate notes, promissory notes or commercial paper.

The aggregate amount of offshore borrowing withdrawn through an Onshore Account should be equal to the total commitment granted by the creditor or lender under the relevant offshore borrowing agreement. In the event that the aggregate amount withdrawn through an Onshore Account is less than the total committed amount under the commitment, the debtor must submit a written explanation to Bank Indonesia prior to the maturity date with information regarding such shortfall. If the debtor fails to do so, it will be deemed not to have withdrawn that amount through an Onshore Account.

Any Indonesian debtor failing to comply with this obligation may face an administrative sanction in the form of fine of Rp.100 million for every withdrawal under its offshore loan. BI Regulation 13/22/2011 requires every Indonesian debtor withdrawing funds under an offshore loan agreement to report the withdrawal to Bank Indonesia monthly. The reporting obligation must be completed between the first and 10th day of every month subsequent to the date of withdrawal. The report must be in the form of realization data report as required under BI Regulation. Every submission of a report must be supported by any document evidencing that the relevant offshore loan funding was withdrawn through an Indonesian foreign exchange bank. If the debtor is late in submitting the report of the offshore borrowing withdrawal as well as the supporting documents, the debtor may be subject to administrative sanctions in the form of penalties amounting to Rp.100,000 for each day of delay, up to a maximum penalty of Rp.10 million. The debtor will be deemed to have failed to submit the report if it is submitted more than six months after the deadline and maybe subject to administrative sanctions in the form of penalties of Rp.10 million.

BI Regulation 14/25/2012 and BI Regulation 13/22/2011 do not require the foreign currency brought into Indonesia to be converted into Rupiah or the foreign currency to be kept in Indonesia for a specified period of time, suggesting that foreign currency can be brought into an onshore account on one day and transferred out of Indonesia as soon as the next day or sooner.

INDONESIAN LAW ON CURRENCY

On June 28, 2011, the Indonesian House of Representatives passed Law No. 7 of 2011 (the “Currency Law”) concerning the use of Rupiah. The Currency Law requires the use of, and prohibits the rejection of, Rupiah in certain transactions. Article 21 of the Currency Law requires the use of Rupiah in payment transactions, monetary settlement of obligations and other financial transactions, including, among others, the deposit of money within Indonesia. However, there are a number of exceptions to this rule, including certain transactions related to the state budget, income and grants from and to foreign countries, international trade transactions, foreign currency savings in a bank or international financing transactions. Article 23 of the Currency Law prohibits the rejection of Rupiah offered as a means of payment, or to settle obligations and/or in other financial transaction within Indonesia, unless there is uncertainty regarding the authenticity of the Rupiah bills offered. The prohibition does not apply to transactions in which the payment or settlement of obligations in a foreign currency has been agreed to in writing.

There is uncertainty regarding the implementation of Articles 21 and 23 because Article 21 forbids settlement in a currency other than Rupiah, while Article 23 provides a number of exceptions to the prohibition of the rejection of Rupiah. On December 6, 2011, the Ministry of Finance through the Directorate General of Treasury of the Republic of Indonesia issued an interpretation of the Currency Law (“MOF Interpretation”). The MOF Interpretation explains that the Currency Law only applies to cash transactions (coins and bank notes), while excluding the payments involving non-physical money transactions (*uang giral*) (cheques and letter of credit) and electronic payments. The MOF Interpretation also explains that the obligation to accept Rupiah as a means of payment or as settlement for an obligation or for any other financial transaction as mentioned in Article 23 of the Currency Law can be exempted by a contractual arrangement existing or entered into either before or after the enactment of the Currency Law. The MOF’s Interpretation is not a legislative product and arguably may be subject to challenge.

Non-compliance with the Currency Law is a violation or misdemeanor and is punishable by up to one year of confinement or a fine of up to Rp.200 million.

LANGUAGE OF TRANSACTION DOCUMENTS

Pursuant to Law No. 24 of 2009, regarding Flag, Language, Coat of Arms and National Anthem enacted on July 9, 2009 (“Law No. 24”), agreements to which Indonesian entities are a party are required to be executed in Bahasa Indonesia, although dual-language documents are permitted when a foreign entity is a party. We will execute dual English and Bahasa Indonesia versions of all transaction agreements to which we are a party. All of these documents will provide that in the event of a discrepancy or an inconsistency, the parties intend that the English version would prevail. There exists substantial uncertainty regarding how Law No. 24 will be interpreted and applied in general, and to date, the Government has only issued one implementing regulation on the use of Bahasa Indonesia in the formal speech of the President and/or Vice President and other state officers. In addition to this implementing regulation, the Minister of State-Owned Enterprises has also issued a Circular Letter No. SE-12/MBU/2009 dated November 3, 2009, which recommends that any state-owned enterprise must use Bahasa Indonesia in every memorandum of understanding or agreement to which such state-owned enterprise is a party. The Indonesian Ministry of Law and Human Rights has issued a clarification letter dated December 28, 2009 regarding Clarification for Implication and Implementation of Law No. 24 to clarify that the implementation of Law No. 24 is contingent upon the enactment of a Presidential Regulation and until such a Presidential Regulation is enacted, any agreement that is executed prior to the enactment of the Presidential Regulation in English without a Bahasa Indonesia version, is still legal and valid, and shall not violate Law No. 24. However, we cannot be certain that an Indonesian court would permit the English version to prevail or even consider the English version. See “Risk Factors — Risks Relating to Ownership of the Notes — Uncertainty of English language used in the Indenture and certain other documents entered into in connection with the issuance of the Notes under Indonesian law.”

SUMMARY

This summary highlights selected information contained elsewhere in this Offering Circular. It is not complete and does not contain all the information that may be important to you in deciding whether to invest in the Notes. This summary is qualified by, and must be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Offering Circular.

Statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those projected. See “Forward-looking Statements.” Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or the Initial Purchasers or any other person or that these results will be achieved or are likely to be achieved. The meanings of terms not defined in this summary can be found elsewhere in this Offering Circular.

You should read the entire Offering Circular, including the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations,” as well as our consolidated financial statements and related notes thereto, before making an investment decision.

Overview

We are a leading integrated natural gas utility in Indonesia, with a dominant position in the natural gas downstream business with the largest distribution and transmission pipeline network in Indonesia. We recently expanded our natural gas integrated value chain by entering the upstream oil and gas business and developing floating storage and regasification facilities (“FSRUs”). Our core business, our downstream business, consists of our gas distribution segment and our gas transmission segment. Our gas distribution segment accounted for 92.3% of our net revenues in 2013 and involves purchasing natural gas from upstream gas suppliers and reselling it to industrial, commercial and residential customers through our distribution infrastructure. Our gas transmission segment accounted for 6.0% of our net revenues in 2013 and comprises downstream activities such as transporting natural gas owned by third parties, through our high-pressure transmission pipelines from upstream suppliers for delivery directly to customers of the upstream suppliers.

Our distribution and transmission networks represented approximately 6,000 km of pipelines as of December 31, 2013 and the average volume of natural gas we delivered through our distribution and transmission businesses was approximately 1,678 MMscfd in 2013. As of December 31, 2013, our distribution networks on the islands of Java, Sumatra and Batam represented 3,950 km of pipelines and, in 2013, these networks served 1,260 industrial customers, 1,717 commercial customers, and 88,613 residential customers. Our transmission networks, which comprise our Wampu-Belawan, South Sumatra-West Java, Grissik-Duri and Grissik-Singapore transmission pipelines, represented 2,047 km of pipelines. In 2013, we transported 854.2 MMscfd in our transmission pipelines. To secure and expand our natural gas value chain, we reorganized our corporate structure and, since 2011, we have been making strategic acquisitions and investments to accelerate the development of our LNG capacities and oil and gas upstream businesses, both of which we expect will help in securing natural gas supplies for ourselves and for our customers. Since then, our subsidiary Saka has taken participating interests in four oil and gas blocks in Indonesia and has become the operator of two of them, one of which has already started production.

Our leading position in the natural gas downstream business and our natural gas distribution and transmission network have allowed us to capture a substantial part of Indonesia’s growing demand for natural gas. Demand for natural gas in Indonesia has been growing steadily, in part as a result of the reduction of fuel oil governmental subsidies, which began in 2001, and the Government’s initiatives to increase the attractiveness of natural gas as an alternative energy source. Increased use of natural gas is aligned with Indonesia’s strategy to reduce dependence on oil, ease the financial burden of fuel

subsidies and strengthen national energy security. Since 2011, demand for natural gas has generally been significantly higher than supply, except in certain regional markets. To promote the use of natural gas and ensure that the domestic energy needs of the industrial, commercial, and household sectors can be satisfied, the Government has established the 2010-2025 Master Plan for the National Integrated Transmission and Distribution Network (the “Master Plan”), which outlines its policy to build and develop transmission and distribution pipelines of natural gas in several parts of Indonesia and strengthen Indonesia’s transmission and distribution network. This Master Plan also identifies key strategic areas of development such as the upstream sector, city gas networks, development of LNG capacities and implementation of third-party open access to certain segments of the transmission and/or distribution network. We believe the Government’s plan presents us with a unique business opportunity to reinforce our core business by maintaining our strategic alignment with the Government’s policies. As of December 31, 2013, the Government also held 56.97% of our outstanding shares and a Special Share with special voting rights, as further described under the heading “Relationship With the Government.”

In order to create synergies with the Government’s policy of supporting domestic use of natural gas, we developed a long-term strategic plan for the period from 2010 to 2020 and a corporate business plan for the period from 2014 to 2018, which both aim to diversify our business. We have pursued the diversification of our downstream interests, including, for example, our natural gas-powered vehicles and the launch of Indonesia’s first-ever mobile gas refueling units. We are also developing our natural gas trading business along the natural gas value chain through cooperation with regionally owned enterprises and other natural gas traders to support the supply, distribution and transportation of natural gas. We will continue exploring investments and cooperation opportunities in productive oil and gas concessions and unconventional gas in the future to strengthen and diversify our supply portfolio and our exploration and production activities. Our objective is to complement and diversify our supplies by fully integrating our upstream business into our existing core distribution and transmission business segments and, therefore, to use our own production activities to supply our downstream businesses. Our safety and quality control teams, which focus on the reliability and safety of our supplies, product and equipment all along our natural gas value chain and our sales and marketing teams, which actively market our products and deliver technical services to our existing and prospective customers, support the integration of our upstream, midstream and downstream businesses.

For the year ended December 31, 2013, we had net revenues of US\$3,001.5 million, gross profit of US\$1,418.0 million and EBITDA of US\$1,120.7 million. Over the same period, our distribution and transmission segments together represented US\$2,950.0 million in revenues, or 98.3% of our revenues.

Competitive Strengths

We believe the following competitive strengths distinguish us from our competitors and are critical to the continued successful execution of our strategy.

- *We are the leading natural gas distribution and transmission service provider in Indonesia’s growing gas utilities business*
- *We are well-positioned to benefit from favorable industry fundamentals with sustained and visible growth*
- *We have a proven track record in securing natural gas supplies*
- *We generate stable cash flow and maintain a strong financial profile*
- *We have an experienced management team*

For a more detailed description of our strengths, see “Business — Competitive Strengths.”

Business Strategy

We aim to become a prominent natural gas company in the Asia-Pacific region with (i) an integrated nationwide distribution and transmission network and (ii) a strong presence across the natural gas value chain. We seek to realize this goal through the following strategies.

- *We aim to further secure and diversify our supply of natural gas from existing and new sources*
- *We will seek to expand our customer base to secure strong and stable demand for natural gas*
- *We intend to improve and develop our infrastructure*
- *We seek to diversify along the natural gas value chain*
- *We will focus on increasing operating efficiency and exploiting technology advancement*

For a more detailed description of our strengths, see “Business — Strategies.”

Corporate Information

We are a company established under the law of Indonesia with limited liability. We started our operations as a private Dutch company, Firma L.J.N. Eindhoven & Co. Gravenhage, in 1859. In 1958, the Government assumed control of the entity and the entity was established as a state company before being converted into a public service enterprise. We became a limited liability company and adopted our current name in 1996. In 2003, we completed our initial public offering and our shares were listed on the Jakarta Stock Exchange (the “JSX”) and the Surabaya Stock Exchange (the “SSX”). In 2007, the JSX and SSX merged and the name of the successor entity is the Indonesian Stock Exchange (the “IDX”). We have licenses to transport and trade natural gas in Indonesia pursuant to Law No. 22 of 2001 on Oil and Gas passed in 2001 (the “Oil and Gas Law”) and its implementing regulations.

We maintain our principal executive office at Jl. K.H. Zainul Arifin No. 20, Jakarta 11140, Indonesia. Our telephone number at that address is +62 21 633 4838 and our fax number is +62 21 633 3080. Our website is at www.pgn.co.id. Information on our website or websites referred to in our website is not incorporated by reference into this Offering Circular and should not be relied on for the purposes of the Offering.

THE OFFERING

The following summary of the Offering contains basic information about the Notes. It is not intended to be complete and it is subject to important limitations and exceptions. Terms used in this summary and not otherwise defined herein shall have the meanings given to them in “Description of the Notes.” For a more complete understanding of the Notes, please refer to “Description of the Notes” in this Offering Circular.

Issuer	PT Perusahaan Gas Negara (Persero) Tbk, a state owned company established with limited liability under the laws of Indonesia.
Notes Offered	US\$1,350,000,000 aggregate principal amount 5.125% Senior Notes due 2024.
Issue Price	99.037%.
Maturity Date	May 16, 2024.
Interest	The Notes will bear interest from May 16, 2014 at the rate of 5.125% per annum, payable semiannually in arrears.
Interest Payment Dates	November 16 and May 16 of each year, commencing on November 16, 2014.
Record Dates	Each November 1 and May 1 immediately preceding an Interest Payment Date.
Ranking	The Notes will be direct, unsecured and unsubordinated obligations of the Company, be senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes, rank <i>pari passu</i> in right of payment with all other unsecured and unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated Debt pursuant to applicable law) and will be effectively subordinated to secured obligations of the Company and the obligations of its subsidiaries.
Further Issues	The Company will initially issue US\$1,350,000,000 in aggregate principal amount of the Notes. Subject to certain conditions, the Company may, however, from time to time, without notice to or the consent of the holders of the Notes, issue Additional Notes having the same terms and conditions under the indenture relating to the Notes as the Notes in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; provided that, in order for Additional Notes to have the same CUSIP, ISIN, or other identifying number as the outstanding Notes, the Additional Notes must be fungible with the outstanding Notes for U.S. federal income tax purposes.

Certain Covenants	The Company has agreed to observe certain covenants, including, among other things, a negative pledge and limitations on its ability to consolidate, merge or sell its assets substantially as an entirety. See “Description of the Notes — Certain Covenants.” The Notes and the related Indenture do not otherwise restrict or limit the Company’s ability to incur additional indebtedness by itself or its subsidiaries or its ability to enter into transactions with, or to pay dividends or make other payments to, affiliates.
Repurchase of Notes upon a Change of Control Triggering Event	Upon the occurrence of events constituting a change of control triggering event for the Company, the Company will be required to make an offer to purchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of such purchase. See “Description of the Notes — Repurchase of Notes Upon a Change of Control Triggering Event.”
Additional Amounts	Subject to certain exceptions, the Company will pay such Additional Amounts as will result in receipt by the holder of the Notes of such amounts as would have been received by such Holder had no deduction or withholding of Indonesian (and certain other) taxes been required. See “Description of the Notes — Additional Amounts.”
Optional Tax Redemption.	Subject to certain conditions and exceptions, the Notes may be redeemed at the option of the Company, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed for such redemption, in the event that as a result of certain changes in tax laws the Company becomes obligated to pay Additional Amounts in respect of certain withholding tax (including Indonesian withholding tax imposed at a rate in excess of 20%). See “Description of the Notes — Redemption for Taxation Reasons.”
Transfer Restrictions	<p>The Notes have not been registered under the Securities Act, or the securities laws of any other jurisdiction, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold in the United States only to qualified institutional buyers (as defined in Rule 144A) in accordance with Rule 144A and outside the United States in offshore transactions in accordance with Regulation S.</p> <p>For a description of these and other restrictions on offers, resales and transfers of the Notes, see “Plan of Distribution” and “Transfer Restrictions.”</p>
Use of Proceeds.	The net proceeds from the offering of the Notes, after deduction of fees and commissions and estimated expenses incurred in connection with this offering, are expected to be approximately US\$1,331.6 million.

We intend to use net proceeds from this offering to finance our capital expenditures, working capital requirements and other general corporate purposes.

Governing Law

The Notes and the Indenture governing the Notes will be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles thereof.

Denomination, Form and Registration

The Notes will be issued in minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

Notes sold in the United States to qualified institutional buyers in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons and will be deposited with the Trustee as custodian for, and registered in the name of a nominee of The Depository Trust Company, or DTC. Notes sold outside the United States in offshore transactions in reliance on Regulation S will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons and will be deposited with the Trustee as custodian for, and registered in the name of a nominee of DTC for the respective accounts of Euroclear Bank S.A./N.V., or Euroclear, and Clearstream Banking, société anonyme, or Clearstream, Luxembourg, each of which is a participant in DTC.

DTC will credit the account of each of its participants, including Euroclear and Clearstream, Luxembourg, with the principal amount of Notes being purchased by or through such participant. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg.

Delivery of the Notes.

We expect that delivery of the Notes will be made on or about the closing date specified on the cover page of this Offering Circular, which we expect will be the fourth business day following the date of this Offering Circular, which we refer to as “T+4”. You should note that initial trading of the Notes may be affected by the T+4 settlement. See “Plan of Distribution.”

Ratings

The Notes are expected to be rated “Baa3” by Moody’s, “BB+” by Standard & Poor’s and “BBB-” by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Risk Factors.

See “Risk Factors” and the other information in this Offering Circular for a discussion of factors that should be carefully considered before deciding to invest in the Notes.

Listing Approval-in-principle has been received for the listing of the Notes on the SGX-ST. The SGX-ST takes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes.

Trustee The Bank of New York Mellon.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables set forth our summary financial data as of the dates and for each of the periods indicated. The summary financial data in this section have been derived from our audited consolidated financial statements as of and for the years ended December 31, 2011, 2012 and 2013, prepared in accordance with IFAS and included elsewhere in this Offering Circular. Our consolidated financial statements as of and for the years ended December 31, 2011, 2012 and 2013, were audited by Purwantono, Suherman & Surja (a member firm of Ernst & Young Global Limited), independent public accountants, in accordance with auditing standards established by IICPA, as stated in their reports included elsewhere in this Offering Circular. IFAS differs in certain material respects from U.S. GAAP. See “Summary of Certain Significant Differences Between Indonesian Financial Accounting Standards and United States Generally Accepted Accounting Principles.” We have not quantified or identified the impact of the differences between IFAS and U.S. GAAP as they relate to our financial statements. Our consolidated financial statements are presented in U.S. dollar, which is our functional currency. See “Presentation of Financial and Other Information.”

The following information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the audited consolidated financial statements and the related notes thereto and other information included elsewhere in this Offering Circular.

Consolidated Statement of Comprehensive Income:

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Net revenues	3,001.5	2,580.2	2,230.4
Cost of revenues	1,583.5	1,107.8	888.5
Gross profit	1,418.0	1,472.4	1,341.9
Distribution and transmission expense	(292.6)	(269.9)	(280.2)
General and administrative expense	(216.6)	(204.4)	(178.3)
Other income	27.0	21.4	20.9
Other expenses	(2.2)	(1.0)	(6.2)
Operating profit	933.7	1,018.5	898.2
Gain/(loss) on foreign exchange — net	83.9	49.8	(26.2)
Gain/(loss) on fair value of derivative — net	70.2	65.1	(1.3)
Share in profit/(loss) of the associates	32.3	8.7	(6.0)
Finance income	26.9	27.8	35.1
Finance costs	(21.9)	(21.6)	(27.7)
Profit before tax benefit/(expense)	1,125.1	1,148.3	872.0
Current tax expense	(226.6)	(238.4)	(178.0)
Deferred tax benefit/(expense)	(4.6)	5.3	7.9
Profit for the year	893.9	915.3	701.9

Consolidated Statement of Financial Position:

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Assets:			
Current assets	1,780.5	1,983.8	1,506.8
Non-current assets	2,582.6	1,924.3	1,893.4
Total assets	<u>4,363.2</u>	<u>3,908.2</u>	<u>3,400.2</u>
Liabilities:			
Current liabilities	885.8	472.7	273.8
Long-term loans — net of current maturities	612.0	840.0	994.0
Other non-current liabilities	138.2	240.7	253.0
Total Liabilities	<u>1,635.9</u>	<u>1,553.4</u>	<u>1,520.8</u>
Equity	2,727.2	2,354.8	1,879.4
Total liabilities and equity	<u>4,363.2</u>	<u>3,908.2</u>	<u>3,400.2</u>

Consolidated Statement of Cash Flows:

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Net cash provided by/(used in)			
Operating activities	828.9	1,166.4	947.3
Investing activities	(666.5)	(250.3)	(111.3)
Financing activities	(330.7)	(460.3)	(897.8)
Net effects of foreign exchange differences on cash and cash equivalents	(79.9)	(29.8)	(27.6)
Net (decrease)/increase in cash and cash equivalents	<u>(248.3)</u>	<u>426.1</u>	<u>(89.4)</u>
Cash and cash equivalents at beginning of year	1,567.5	1,141.4	1,230.7
Cash and cash equivalents at end of year	<u>1,319.2</u>	<u>1,567.5</u>	<u>1,141.4</u>

	Year ended December 31,		
	2013	2012	2011
	(US\$ million, except where otherwise noted)		
Other financial data (unaudited):			
EBITDA ⁽¹⁾	1,120.7	1,209.2	1,092.9
EBITDA margin (%) ⁽²⁾	37.3	46.9	49.0
EBITDA/Interest expense ⁽³⁾	51.2	56.0	39.5

Notes:

- (1) EBITDA is not a standard measure or measure of financial performance under IFAS or U.S. GAAP. EBITDA refers to our profit for the year before depreciation, amortization, finance costs, net loss/gain on foreign exchange, finance income, net loss/gain on fair value of derivative, share in loss/profit of associates, tax expense for current year and deferred tax expense/benefit, as calculated under IFAS. EBITDA should not be considered in isolation or construed as an alternative to cash flows generated by operating activities, or as an indicator of our operating performance, liquidity, profitability or any other measure of performance derived in accordance with IFAS or U.S. GAAP. EBITDA presented herein is not an IFAS or U.S. GAAP measure and may not be comparable to similarly-titled measures presented by other companies. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures.”
- (2) For any year, EBITDA divided by net revenues.
- (3) For any year, EBITDA divided by finance costs.

The following table reconciles our profit for the year under IFAS to our definition of EBITDA for the periods indicated:

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Profit for the year	893.9	915.3	701.9
Adjustments:			
Depreciation ⁽¹⁾	185.6	189.4	192.8
Amortization.	1.4	1.2	2.0
Finance costs	21.9	21.6	27.7
(Gain)/loss on foreign exchange — net.	(83.9)	(49.8)	26.2
Finance income.	(26.9)	(27.8)	(35.1)
(Gain)/ loss on fair value of derivative — net ⁽²⁾	(70.2)	(65.1)	1.3
Share in (profit)/loss of associates	(32.3)	(8.7)	6.0
Tax expense — current year	226.6	238.4	178.0
Tax expense/(benefit) — deferred	4.6	(5.3)	(7.9)
EBITDA (unaudited)	<u>1,120.7</u>	<u>1,209.2</u>	<u>1,092.9</u>

- (1) Depreciation adjustments to our distribution and transmission expenses were US\$181.1 million, US\$174.8 million and US\$169.4 million in the years ended December 31, 2011, 2012 and 2013, respectively. Depreciation adjustments to our general and administrative expenses were US\$11.7 million, US\$14.6 million and US\$16.2 million in the years ended December 31, 2011, 2012 and 2013, respectively.
- (2) To manage foreign exchange risks relating to our long-term loans denominated in Japanese Yen, we entered into a cross currency swap contract, which is accounted for as a transaction and not designated as a hedge. Changes in the fair value of this derivative are charged or credited directly to our consolidated statement of comprehensive income for the current financial year. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Principal Components of Income Statement Items — Gain on change in fair value of derivative — net.”

RISK FACTORS

Before investing in the Notes, you should pay particular attention to the fact that we and our activities are governed by the legal, regulatory and business environment in Indonesia, which differs from that which prevails in other countries. An investment in our Notes involves a number of risks. Prior to making an investment decision, you should carefully consider all the information contained in this Offering Circular including the risks and investment considerations described below. Our business, financial condition and results of operations could be materially adversely affected by any of these risks. The risks set forth below are not an exhaustive list of the challenges which we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or on the value of the Notes. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See “Forward-looking Statements.” The market price of the Notes could decline due to any one of these risks and you may lose all or part of your investment. In addition, our ability to make payments under the Notes could be materially and adversely impacted if any one of these risks were to materialize.

Risks Relating to our Business

We are subject to the control of the Government and there is no guarantee that they will always act in our best interest

The Government is our principal shareholder, owning 56.97% of our common stock as of December 31, 2013. The Government currently has control and is likely to continue to retain control over us. We have historically operated as a Government service provider. Accordingly, the Government has historically influenced and is likely to continue to influence our strategy, operations and management policies. The Government also has the ability to influence and control other Government-related entities we deal with, including PT Perusahaan Listrik Negara (Persero) (“PLN”), the Indonesian state electric utility company, as well as PT Pertamina (Persero) (“Pertamina”), the Indonesian state oil and gas company. Transactions with Government-related entities represented 26.5% of our net revenues in 2013. We also have loans obtained through the Government or from Government-related entities.

We expect the Government will retain control of us through majority ownership and a special share which gives the Government approval power with respect to certain matters, such as the election and removal of Commissioners and Directors, amendments to our Articles of Association, changes in our capital structure and mergers, acquisitions, consolidation or liquidation (a “Special Share”). Currently, two of our six Commissioners are independent, in compliance with the rules of the IDX. See “Relationship with the Government.” In addition, through its majority ownership, the Government has the power to control the amount and timing of our dividend payments.

We also derive benefits from our relationship with the Government, such as access to policy makers and support from certain Government strategic policies relating to infrastructure, energy and the development of natural gas infrastructure in Indonesia, investments, licenses, concessions, and supply and cooperation contracts with Government-related entities. However, there can be no guarantee that the Government will continue to allow us to enjoy these benefits. See “Relationship with the Government.”

There can be no assurance that the Government will exercise its control and influence to our benefit or the benefit of our security holders, including holders of the Notes. Furthermore, there can be no certainty that, even if we do cease to be state-owned, we will be able to exercise our independence effectively in making decisions concerning our business, management policies and prospects. If we are required to act in the Government’s interests and those interests differ from our

interests, or if the Government favors the interests of other Government-related entities such as Pertamina over ours, or if the Government terminates or reduces any of the benefits we currently enjoy from them or other Government-related entities, we could suffer a material adverse effect on our business, financial condition and results of operations.

We cannot guarantee that we will implement our development plans on schedule, within budget or otherwise successfully

Our development plans include expanding, consolidating and further integrating our distribution and transmission networks, developing our LNG capabilities, securing existing and new sources of natural gas, and developing our upstream business. Certain of these plans relate to upstream and LNG activities or other areas and geographies where we have not traditionally operated, where we have no prior or limited investment and where our operational experience and knowledge or expertise is more limited than in our core transmission and distribution businesses. Moreover, we are facing increasing competition in these markets and, as a result, greater uncertainty. In addition, unforeseen events may increase our costs and expenditure to exceed our budgets or estimates due to factors beyond our control, such as unforeseen difficulties, complications and delays, fluctuations in raw material costs, delays in the delivery of required equipment and materials, failure to obtain required regulatory approvals and permits on a timely basis or at all, potential changes to national or local statutes and regulations that could prevent our projects from proceeding or increase associated costs, impediments to our ability or our joint venture partners to acquire necessary rights-of-way, easements or land rights on a timely basis or at all, adverse decisions of governmental agencies, opposition from local population groups, or failure of contractors, operators and/or joint venture partners to comply with their respective contractual obligations. As a result, substantial demands could be placed on our managerial, operational, technological and financial resources. There can be no assurance that we will be successful in our efforts to develop and operate these businesses in the manner anticipated or at all or that our development plans will be completed within the anticipated time frame or at all, which could have a material adverse impact on our business, financial condition and results of operations.

We may not be able to raise sufficient financing to expand our natural gas transmission and distribution networks and develop our LNG and upstream businesses

We have made, and plan to make, substantial capital expenditures for the expansion of our transmission and distribution networks, the enhancement of our existing networks, the construction and operation of new LNG receiving and regasification terminals, and the acquisition of participating interests in, and the operation of, oil and gas blocks in Indonesia and overseas. Our capital expenditures substantially increased in 2013, and were US\$102.5 million, US\$139.6 million and US\$880.7 million in the years ended December 31, 2011, 2012 and 2013, respectively. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet our capital expenditure requirements or, if debt or equity financing is available, that it will be on terms acceptable to us. As a state-owned entity, we have been able in the past to obtain long-term borrowings either from the Government itself or through the Government and sourced from foreign quasi-governmental institutions (such as the Asian Development Bank, the Japan Bank for International Cooperation, the European Investment Bank, or the International Bank for Reconstruction and Development) on more favorable terms than would otherwise be available commercially. There can be no assurance that, in the future, we will be able to receive further funding from the Government or such foreign quasi-governmental institutions or private lenders on similar terms or at all. If adequate long-term funding is not available on satisfactory terms or at all, we may have to delay or abandon future capital-intensive projects, that are fundamental to the future prospects and development of our transmission and distribution businesses. Moreover, future activities and expansion may require us to alter our capital structure. If we cannot access sufficient capital for our operations, our business, financial condition or results of operations may be materially and adversely affected.

We may not be able to successfully undertake economically desirable expansion projects due to business, economic, regulatory, competitive and political uncertainties beyond our control

Our ability to engage in new or pursue ongoing expansion projects will be subject to, among other things, business, economic, regulatory, competitive and political uncertainties beyond our control. These factors include, without limitation, potential competing projects which could be more desirable because of lower costs, better location, facilities, the unwillingness of customers to enter into transmission or distribution contracts that would make use of our planned expansion, and our ability to obtain the requisite environmental permits, approvals, licenses and rights of way. Therefore, no assurance can be given that new expansion or extension projects will be undertaken or, if undertaken, will be successful.

In addition, as we seek to develop our upstream business through Saka, we may acquire and/or make investments in oil and gas assets located in foreign countries, which may increase our exposure to risks and uncertainties relating to these countries, such as political and regulatory risks. In pursuing our acquisitions and/or investments in foreign countries, we may also be subject to increasing competition from much larger, well-established companies with substantially greater financial, human, technical and other resources, including greater knowledge of local markets.

Our working capital needs are significant and fluctuate

Principally as a result of our reliance on third-party suppliers, our working capital needs have historically fluctuated and are likely to fluctuate in the future. We expend a significant amount of cash in our operations for the purchase of natural gas from our suppliers, including principally the ConocoPhillips Company and its affiliates (“ConocoPhillips”) and Pertamina. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Principal Components of Income Statement Items — Cost of Revenues.” For instance, in South Sumatra, Pertamina increased its selling prices from US\$2.2/MMBtu to US\$4.42/MMBtu in September 2012, and further to US\$5.44/MMBtu in April 2013.

We fund our operations mainly through cash generated by our operating activities, short-term working capital facilities and long term bank loans as further described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources.” If our internal and external resources are insufficient to cover our working capital needs as a result of increased natural gas costs, delays in payments from customers, operating difficulties or for any other reason, we may be unable to obtain the working capital necessary to sustain our operations and we may have to seek alternative sources of funding for our operations. If we fail to generate sufficient cash flow from our operating activities, or if we are unable to obtain and maintain sufficient cash balance and banking facilities, we may not have sufficient cash flow to fund our operations and we may not be able to procure alternative sources of funding on satisfactory terms or at all to meet our liquidity requirements.

We depend on the creditworthiness of our customers for collecting our trade receivables and are subject to credit risks on such trade receivables

We depend on our customers for revenues payable under our natural gas sales and natural gas transportation agreements, and failure of our customers to perform under these agreements could have a material adverse effect on our cash flows, financial condition and results of operations. As of December 31, 2013, our trade receivables (before allowance for impairment) were US\$292.1 million, 26.8% of which was owed to us by our related parties that are principally Government-related entities.

We provide for allowance for impairment losses of trade receivables based on a review of the estimated collectability of the individual receivable accounts and collective assessments. As of December 31, 2013, the total allowance for impairment losses of trade receivables was US\$12.2 million, while the amount of receivables that had been outstanding for more than one year was US\$15.0 million. Determining the allowance for impairment losses of trade receivables requires

management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates. If our allowance for impairment losses of trade receivables is insufficient to cover amounts that are not recovered in the future, this may adversely affect our financial condition and results of operations. In addition, because the Government is our majority shareholder, we may have limited courses of action against Government-related counterparties that fail to make payments due to us. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Credit Risk.”

Our operations are subject to operational hazards and partially insured or uninsured risks

Our operations are subject to the inherent risks normally associated with the oil and gas industry, including equipment failures and ruptures, obsolescence, explosions, pollution, releases of toxic substances, fires, adverse weather conditions, vandalism and theft, vulnerability of certain modes of transportation used for transporting natural gas (such as mobile units) and deliberate attacks, each of which could result in damage to, or destruction of, facilities, or injuries to persons. There can be no assurances that accidents will not occur and any accidents which are significant and for which we are at fault could have a material adverse effect on us.

While we maintain insurance against many of these risks to the extent available in the markets where we operate and in amounts that we believe are reasonable, such insurance does not cover all risks and all types of losses. Our insurance coverage also has material deductibles, exclusions and self-insurance levels, as well as significant limits on maximum recovery. We will be required to bear any costs associated with any incidents to the extent that such costs are uninsured or exceed the amount of such insurance. We may also lose capital invested in, and the anticipated revenues from the affected property, and remain liable for any debt or other financial obligation related to that property. As a result, any such event could have a material adverse effect on our business, financial condition and results of operations.

As an energy company, we face significant environmental risks

Our operations, which are often potentially hazardous, are subject to the risk of liability arising from environmental damage or pollution and the cost of any associated remedial work in relation thereto. For example, our natural gas operations entail risks of equipment defects, malfunctions and failures, human error, accidents, and natural disasters, which could result in uncontrollable flows of natural gas, fires, explosions, property damage, damage to the environment, injury and death. LNG equipment also requires special training and protective equipment. The location of pipelines near populated areas, including residential areas, commercial business centers, industrial sites and other public gathering places, could increase the level of damage resulting from these risks, including the loss of human life, significant damage to property and the environment, impairment of our operations and substantial loss to us. We may incur substantial liability and cost if damages are not covered by insurance or are in excess of insurance policy limits.

We have an established environmental policy and monitor our operations in an effort to meet applicable environmental standards, laws and regulations. However, it is difficult to estimate any such potential liability and we may only make provisions in accordance with what we believe is a reasonable and prudent policy that takes into account payments made in prior years, stricter environmental standards, laws and regulations, and potentially higher levels of enforcement and fines and penalties for lack of regulatory compliance. Accordingly, we are unable to estimate any future financial impact of our environmental obligations. See “Business — Safety and Environment.”

We are subject to financial covenants under some of our loans and future financing may place additional restrictions on our operations

Under certain of our existing loans, we are subject to financial covenants which, among other things, limit our ability to borrow additional funds and require us to maintain certain debt service coverage ratios.

Furthermore, we may incur additional indebtedness in order to make our planned capital expenditures, which may subject us to restrictive covenants that, among other things:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to pursue our growth plans;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund capital expenditure, working capital requirements and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise;
- increase the cost of additional financing; and/or
- place us at a competitive disadvantage compared to our competitors that have less debt.

There can be no assurance that such restrictions will not materially and adversely affect our ability to finance our future operations or capital needs, or successfully operate our business.

Our competitive position and future prospects depend on our senior management's experience and expertise and our ability to recruit and retain qualified personnel

The members of our management team are industry professionals with an average of over 16 years of experience in the natural gas transmission and distribution business in Indonesia. We depend on key members of our management team for the successful operation of our businesses. Our ability to maintain our competitive position and to implement our business strategy, in particular with respect to the development of our upstream business, is also dependent to a large degree on our ability to attract and retain qualified personnel.

The loss or change in the scope of the expertise of our senior management team, or difficulties in attracting and retaining qualified personnel in the future, could have a material adverse effect on our business, financial condition and results of operations. Competition for personnel in Indonesia with relevant expertise is intense within our industry due to the relatively small pool of qualified individuals, and a failure to recruit or retain qualified senior management and personnel could have a material adverse effect on our ability to implement our strategy, business, financial condition and results of operations.

Labor strikes could adversely affect our business

Approximately 90% of our permanent employees are unionized. The rights and responsibilities under our relationship with the Union (Serikat Pekerja) of PT Perusahaan Gas Negara (Persero) Tbk ("SP-PGN") are formulated in a collective labor agreement entered into by us and SP-PGN, which was approved by the Ministry of Manpower and Transmigration on July 9, 2013. While our relationship with SP-PGN has been good and we have never experienced any mass demonstrations or strikes, we cannot rule out a deterioration in our labor relations or labor unrest within our workforce, or difficulties in negotiating or renewing our collective labor agreement upon expiry. Strikes, lockouts or other significant work stoppages in the future could adversely affect our business, results or operations and financial condition.

Labor unrest and activism in Indonesia could disrupt our operations, our suppliers or contractors and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Indonesian or other stock exchanges and the value of the Rupiah relative to other currencies. Such events could materially and adversely affect our business, financial condition and results of operations.

We depend on information and processing systems to operate our businesses, the failure of which could adversely affect our financial condition and results of operations

Information and processing systems are key to our ability to monitor our natural gas distribution and transmission systems' operation and network performance, so that we may generate adequate and accurate invoices to customers, achieve operating efficiencies and meet service targets and quality standards. Any failure of these information and processing systems to operate properly could have a material adverse effect on our financial condition and results of operations.

We may not be able to secure additional supplies of natural gas to meet expected demand

Our distribution business is dependent on our ability to obtain natural gas supplies. Our main suppliers are ConocoPhillips (Grissik) Ltd, PT Pertamina EP and Santos (Madura Offshore) Pty. Ltd. ("Santos"), with which we have entered into long term natural gas sale and purchase agreements. We experienced undersupply issues in West Java where a majority of our industrial and commercial customers are located in 2011 and in North Sumatra in 2013. The demand and supply imbalance can vary depending on regional markets within Indonesia, such as in East Java where a new source of supply created an oversupply situation in both 2012 and 2013. In the past, we have also experienced difficulty in North Sumatra, West Java and East Java in obtaining adequate supplies of natural gas to meet demand due to lack of available natural gas and/or the inability of certain suppliers to deliver contracted volumes of natural gas. In 2013 we and our subsidiary, PT PGN LNG Indonesia ("PGN LNG") entered into master sale purchase agreements with a number of international suppliers, and we are exploring the possibility of accessing surplus shale gas from the United States through purchase, direct investment or otherwise. We operate one LNG receiving terminal located in Jakarta Bay jointly with Pertamina and are planning on commencing operations at a second LNG receiving and regasification terminal in the second half of 2014. This second LNG terminal is located in Lampung. We are also building and developing our upstream business. Further, we seek to expand our transmission and distribution networks to increase access to new natural gas fields and new market areas. Nonetheless, there can be no assurance that we will be able to put in place the necessary infrastructure and supply contracts to source sufficient supplies of natural gas to service our existing distribution customers, ensure continuity of supply to such customers or implement our growth strategy. If we are unable to source natural gas in volumes sufficient to cover our customers' demand, our business, financial condition and results of operations could be materially and adversely affected.

We depend on natural gas sale and purchase agreements that must be renewed or extended periodically

We have entered into long term natural gas sale and purchase agreements with our suppliers, the terms of which generally range from one to twenty-two years. We have also entered into short-term gas sale and purchase agreements, the terms of which generally range from one to three years. Under these agreements, we have agreed to purchase fixed minimum volumes of natural gas, and we are also subject to fixed maximum volumes. There is no assurance that we will be able to renew, extend or replace any such purchase agreements when they expire, or that the terms of a renewed or new gas sale purchase agreement will be similar to the terms of existing gas sales and purchase agreements we have currently in place. If we are unable to renew, extend or replace these agreements or if we renew them on less favorable terms, our business, financial condition and results of operations may be negatively affected. See "Business — Our Natural Gas Distribution Business — Natural Gas Supply."

Our transmission business is dependent on a limited number of significant customers

Through our subsidiary PT Transgasindo Indonesia ("Transgasindo"), we transmit natural gas via our transmission pipelines to a limited number of shippers and off-takers. We enter into gas transportation agreements with a limited number of major customers for a period that generally ranges from ten to twenty years. Our most significant customers are ConocoPhillips (Grissik) Ltd., ConocoPhillips (South Jambi), Petrochina (Jabung) Ltd., JOB PHE Jambi Merang, and PLN. Conoco Indonesia Holding Ltd., an affiliate of ConocoPhillips (Grissik) Ltd., is also a significant shareholder

of Transgasindo which operates our Grissik-Duri and Grissik-Singapore transmission pipeline segments. ConocoPhillips (Grissik) Ltd., together with ConocoPhillips (South Jambi) and Petrochina (Jabung) Ltd. (collectively referred to herein as the “Shipper Group”) use our Grissik-Singapore pipeline segments to transport their gas to their downstream customers or offtakers. ConocoPhillips (Grissik) Ltd., JOB PHE Jambi Merang, and PLN also use our Grissik-Singapore transmission pipeline segment to transport their gas to their downstream customers or offtakers. The volume of natural gas we transport for these shippers is significantly impacted by the off-take volume demand from their respective downstream customers or offtakers. Considering the volumes transmitted for the Shipper Group, PHE Jambi Merang and PLN, the utilization rate of our Grissik-Duri and Grissik-Singapore transmission pipeline segments is substantially impacted by transmission volumes contracted with such shippers. To the extent that volumes transported through either the Grissik-Duri or Grissik-Singapore pipeline segments are above ship-or-pay levels (or the levels corresponding to the contracted transportation capacity our customers have agreed to pay for even if they do not use it), any decline in that volume may lead to a decline in revenues in respect of our transmission business. Furthermore, in 2009 and 2011, we also entered into gas transportation agreements with PLN for transporting natural gas through our South Sumatera — West Java pipeline and our North Sumatera pipeline.

We derived a substantial majority of our consolidated transmission revenues from our two most important transmission customers. Further, our gas transportation agreements with our most important transmission customers generally contain provisions allowing for termination under certain circumstances. The loss, delay or cancellation of our gas transportation agreements, or renegotiation of terms thereof, as a result of commercial or management decisions or disputes between their respective customers or offtakers and our main customers or offtakers or us, could have a material adverse effect on our business. In addition, if any of our main customers defaults, refuses or is unable to perform its obligations under one of the relevant gas transportation agreements, as a result of financial difficulties or bankruptcy, for instance, our business, financial condition and results of operations could be materially adversely affected. See “Business — Our Gas Transmission Business.”

Most of our revenue is generated under natural gas transportation and sale agreements that must be renegotiated or extended periodically

Substantially all of our revenues are generated pursuant to natural gas sale and transportation agreements, which expire periodically and, therefore, must be renegotiated and extended or replaced. In the next 24 months, material gas transportation and sale agreements that will expire include agreements between our subsidiary Transgasindo and Riau Andalan Pulp and Paper and Indah Kiat Pulp and Paper. See “Business — Our Gas Transmission Business.” Our customers may also terminate the agreements with prior written notification before the expiration of the term of the agreements if we default and fail to cure such default within a specified time period. There is no assurance that we will be able to extend or replace these agreements when they expire or that the terms of any renegotiated contracts will be as favorable as the existing contracts. Our ability to extend and replace such agreements could be adversely affected by factors that we cannot control, such as applicable gas transmission and distribution regulations in Indonesia, international and domestic oil and gas prices, timing, volume and location of new market demand, competition from new entrants and/or new energy sources, supply of natural gas in Indonesia, and demand for natural gas in the markets that we serve. If we are unable to renew, extend or replace these agreements or if we renew them on less favorable terms, our cash flows, financial condition and results of operations may be negatively affected.

We conduct a major part of our current transmission business through a subsidiary, over which we do not have absolute control

We currently conduct a major part of our transmission business (our Grissik-Duri and Grissik-Singapore pipeline segments) through our subsidiary Transgasindo in which we hold a 59.9% interest. Through the Strategic Partnership Agreement (the “SPA”) we entered into on November 12, 2002 with Transgasindo’s other major shareholder, Transasia Pipeline Company Pvt. Ltd. (“Transasia”), we control the management of Transgasindo; however, certain important corporate

actions require supermajority or unanimous board or shareholder approval. See “Business — Our Gas Transmission Business — Transgasindo.” Such corporate actions include amending the articles of association of Transgasindo, undertaking any activities other than those related to the Grissik-Duri and Grissik-Batam-Singapore pipeline segments, winding up the company, merging, increasing the registered share capital, transferring equity interests and pledging of assets. There is no assurance that the other shareholders will consent to such actions when such actions are in the best interest of us and our Noteholders. In addition, there is a possibility that some or all of the other shareholders may have economic or business interests or goals which are inconsistent with ours, be unable or unwilling to fulfill their obligations under the SPA or other agreements relating to Transgasindo, or have financial difficulties which impact the management or operations of Transgasindo. Any such events may have an adverse effect on our business, financial condition or results of operations.

We are reliant on our transmission and distribution facilities for the conduct of our business

Our facilities are exposed to the risks of natural disasters and potentially catastrophic events. See “— Risks Relating to Indonesia — Indonesia is located in an earthquake zone and is subject to significant geological risk and other natural disasters that could lead to property damage, loss of life, social unrest and economic loss.” In addition, we may experience certain operational difficulties or unexpected costs in connection with our transmission and distribution facilities. As we are dependent upon the integrity and operation of our transmission and distribution facilities for the conduct of our business, any such events may adversely affect our business, financial condition or results of operations.

We conduct certain projects through joint ventures and associated companies which we do not control

A few of our projects, particularly in connection with the development of our upstream business, are conducted through joint ventures or associated companies. See “Business — Our Upstream Business.” In certain cases, we may have limited influence and control over the behavior, performance and cost of operations of the joint ventures in which we hold an equity interest. Additionally, our partners or members of a joint venture or associated company may have economic or business interests or goals that are inconsistent with ours or may not be able to meet their financial or other obligations to the projects, which could impact the viability of a given project or materially affect the implementation of our business strategy.

Through our subsidiary, Saka, we have minority interests in most of the oil and gas blocks that we acquired in 2013, such as in the Ketapang and Bangkanai blocks. We therefore depend on our joint venture partners and independent contractors to undertake specialized tasks and conduct exploration and production operations, such as drilling exploratory wells or conducting geological and geophysical studies. Our reliance on local partners and independent contractors may also increase in the future if we acquire or invest in new upstream business assets located outside Indonesia. There is a risk that such operators or contractors will fail to meet their respective contractual obligations. Our development plans in the upstream business could be affected by such failure or may be disrupted for a substantial period of time until such operators or contractors cure default or we find suitable replacements, which could materially and adversely affect our business, financial condition and results of operations.

We may not be able to successfully integrate our new upstream business or identify suitable targets to develop and expand our upstream business

Through our subsidiary, Saka, we made a number of acquisitions of oil and gas blocks in 2013. We aim to continue identifying similar targets and pursue strategic acquisitions, joint ventures and investments to build and expand our upstream business.

We may not be in a position to identify suitable targets to acquire, invest or enter into new joint ventures with new partners under satisfactory terms or within the expected time frame, or may not be able to achieve expected production targets or the anticipated objectives within the planned time frame or at all. Carrying out such transactions may also involve investing significant financial resources and we may not be able to obtain sufficient financing to support any such acquisitions, joint ventures and investments on attractive terms or at all. In addition, integration of the upstream business and new entities into our group may involve higher costs than anticipated. Such integration may also not meet the initially planned agenda or it may take longer than the expected time frame to do so.

Further, because we reorganized our corporate structure starting from 2011 in order to implement our strategy with respect to the upstream business and started making substantial investments in oil and gas blocks domestically only from 2013, our degree of knowledge and expertise in the upstream business may be lower than that in the downstream business. The development of our upstream business may also require compliance with laws and regulations to which our group and business activities were previously not subject, which may limit our ability to consummate new acquisitions, make certain investments in potential targets, or enter into new joint ventures with certain joint venture partners, or increase regulatory compliance costs.

There is no assurance that any of the above factors will not adversely affect our business, financial condition and results of operations or that such acquisitions, investments and joint ventures will eventually be profitable.

The growth of our upstream business exposes us to new risks

The establishment of our upstream business and the development of our exploration and production activities through our subsidiary Saka and oil and gas joint ventures, domestically and potentially overseas, expose us to risks that are different from those inherent in our traditional businesses. Although conducting any such activity through joint ventures allows us to share related risks with our joint venture partners, these risks could become more significant with the growth of our upstream business and include principally the following:

- the risk that the exploration activity might not result in the discovery of reserves;
- uncertainty as to the assessment of reserves, which are estimates based on assumptions and which therefore are subject to uncertainties that could have an impact on our results, including those relating to (i) the quality of geological, technical or economic data, (ii) the contractual and tax conditions in the tax jurisdictions where exploration-production activities take place, (iii) the yield potential of any deposits found, and (iv) the potential need to reduce estimated reserves, which could result in impairment charges and, potentially, lower than expected production rates in the future;
- the risk of delays in drilling operations due to harsh weather conditions, accidents, mechanical difficulties, natural disasters as well as our inability to manage unforeseen production costs;
- increased dependence on third-party partners (particularly where we are not the operator of the exploration or production site or in connection with joint ventures or projects we may enter or develop in foreign countries);
- regulatory risks inherent in the exploration-production business (such as the imposition of obligations for drilling and operating production sites, environmental protection, obtaining regulatory licenses and approval, including the approval of Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (“Special Task Force for Upstream Oil and Gas Business Activities — SKK Migas”));

- the risk that we may become subject to additional regulatory requirements, including in foreign countries where we may, in the future, acquire or make investments in oil and gas upstream assets;
- taxation risks, such as those resulting from changes in the levies or customs duties payable in connection with the production of hydrocarbons, as applicable; and
- risks inherent in competition in a business which has not historically been one of our core businesses, including in local markets of which we have limited knowledge, if we pursue acquisitions or investments internationally.

We may face competition from other natural gas traders and distributors or other energy sources

The Indonesian natural gas industry is currently in a transitional stage due to the implementation of new regulations, such as that relating to the Government's open access policy. These regulations have led to the establishment of natural gas trading companies which are allowed to sell natural gas without being subject to any obligation to develop gas infrastructure. There are approximately 20 such natural gas traders licensed to operate in Indonesia and a few of them already have access to natural gas supply from upstream producers and others could obtain such access to this supply in the future. As a result, we expect competition from other natural gas traders will intensify.

We estimate that our distribution business market share was approximately 79.0%, 83.0% and 87.0% in 2013, 2012 and 2011, respectively. We currently face limited competition from other natural gas traders in Indonesia, although Pertamina has operations in the areas where we engage in transmission and sale of natural gas to large customers. Despite regulatory requirements to obtain licenses from relevant authorities, barriers to entry in the gas distribution business may be lowered if we are required under the Oil and Gas Law to allow third parties to use excess capacity in our network and new potential competitors (particularly those with their own sources of natural gas supply) could emerge in the future. Furthermore, gas traders could develop their own distribution networks locally to access customers. See “— Risks Relating to the Indonesian Gas Industry — The implementation of an “unbundling” policy and open access rights under the Oil and Gas Law for both transmission and distribution may be detrimental to us.” Competition for customers who are situated close to a transmission pipeline or a gas field is likely to be more intense, since less infrastructure is needed to reach these customers from a transmission pipeline. There is no assurance that future competitors will not have a competitive advantage over us as a result of better supplies or services or more competitive pricing. Moreover, our gas sale and purchase agreements with our industrial customers typically have a duration of only two to five years. This may make it easier for gas distribution competitors to enter into new contracts with our customers, which could have a material adverse effect on our business, cash flows, financial condition and results of operations. See “Business — Our Gas Transmission Business.”

The cost of natural gas compared to that of alternative energy sources for the same uses affects the demand for natural gas distribution services. The expected increase in demand for natural gas in Indonesia, and hence the revenues expected to be generated by our future operations, will be dependent upon the relative prices of natural gas compared to those of competing alternative energy sources. For example, our own estimates, as at February 1, 2014, show that kerosene sells for US\$36.37 per MMBtu, high speed diesel for US\$35.17 per MMBtu, LNG for US\$17.00 per MMBtu and natural gas for US\$9.24 per MMBtu. To the extent that the market price of alternative fuel sources drops to and is sustained at a low level, or the wellhead price of gas supplies procured under future contracts materially increases, leading to an increase in our gas sales price, there may be less demand for our natural gas, which could adversely affect our revenues and cash flows.

In addition, alternative fuels, primarily fuel oil and coal for industries and power plants and liquefied petroleum gas for residential customers and smaller commercial users, are currently used when and where natural gas service is unavailable or is interrupted, and they continue to be used as

substitutes for natural gas. Future increases in natural gas prices, a failure of ongoing efforts to further develop the Indonesian gas industry, reductions in the prices of alternative fuels or generation of electricity from sources other than natural gas may have a material adverse effect on our cash flows, financial condition and results of operations.

Risks Relating to the Indonesian Gas Industry

We believe we are subject to similar industry risks as other companies operating in the gas industry in Indonesia.

The interpretation and application of the Indonesian Oil and Gas Law of 2001 is still uncertain and may adversely affect our business, financial condition and results of operations

The Oil and Gas Law came into force in November 2001. See “Regulatory Overview of Oil and Gas Activities in Indonesia.” The Oil and Gas Law creates an over-arching statutory framework setting forth general principles that are expected to be further developed in a series of Government regulations, presidential decrees and ministerial decrees, some of which have not yet been promulgated. The provisions of the Oil and Gas Law are broad, and few sources of interpretive guidance are available.

Not all of the implementing regulations to the Oil and Gas Law have been issued. A number of implementing regulations to the Oil and Gas Law have been enacted, among others, relating to the formation of SKK Migas and its predecessor Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (“BP Migas”) (the upstream regulatory body), and Downstream Regulatory Body (“BPH Migas”), and the upstream and downstream industries (including matters with respect to business licensing). SKK Migas and BPH Migas have enacted some regulations and guidelines that specifically regulate business activities in these sectors. Implementing regulations have also been issued by SKK Migas in respect of, among others, domestic market obligations, field development and reserve production, guidance, procedures, contract terms, designation and tender of oil and gas working area (“Working Area”), contract amendment and renewal, contractual structures for selling the Government’s share of oil and gas and relinquishment of Working Areas. In addition, implementing regulations have also been issued by BPH Migas in respect of, among others, the use of open access pipelines, tendering for special rights, tariff implementation and gas prices for residential customers. These regulations are new and subject to interpretation by the relevant regulatory authorities. Pending clear instances of the application of such regulations, it is uncertain how such regulations will affect our businesses.

The full impact of the Oil and Gas Law, the related implementing regulations and any change in Indonesian oil and gas laws on our financial and operational status is difficult to ascertain at this time. Furthermore, it is anticipated that a new oil and gas law will be enacted in the future, the form and timing of which is uncertain. The uncertainty surrounding the Oil and Gas Law has increased the risks, and may result in further increases of the costs, of conducting oil and gas business in Indonesia. To the extent the new law or the implementing regulations to the Oil and Gas Law or their implementation or interpretation by Indonesian regulatory authorities, courts or SKK Migas and BPH Migas are adverse to us, our business, financial condition and results of operations could be materially and adversely affected.

Changes in gas pricing and transportation tariff regulation may adversely affect our revenues

The Oil and Gas Law allows us to set the price of natural gas sold to our industrial customers and other customers not classified as small-scale customers. We therefore have the ability to set the price of natural gas sold to these customers at levels commercially and financially satisfactory to us. However, there can be no assurance that in the future we will still be entitled to independently set our own selling prices of natural gas to our industrial customers and other customers not classified as small-scale customers. The Oil and Gas Law requires the regulation of transmission tariffs for all customers. BPH Migas sets these tariffs based on its evaluation and verification of our proposed

tariffs. In relation to our existing pipelines, if the tariff is set below that which would allow us to cover our actual expenditures and BPH Migas does not approve any requests to increase such tariffs, our transmission revenues would be adversely affected, assuming volumes transported are set at constant levels. See “Regulatory Overview of Oil and Gas Activities in Indonesia.”

The implementation of an “unbundling” policy and open access rights under the Oil and Gas Law for both transmission and distribution may be detrimental to us

The Oil and Gas Law imposes an obligation on natural gas pipeline companies in Indonesia to open excess capacity on their transmission and distribution networks to other distributors against payment of tariffs. These tariffs will be set based on regulations issued by BPH Migas. There can be no assurance that BPH Migas or other regulatory or Government bodies will not seek to open our pipelines to such parties in such a manner and/or against payment of such tariffs as would be to our detriment.

Our Wampu-Belawan, Grissik-Duri, Grissik-Singapore and South Sumatera-West Java transmission pipelines have been applying the open access mechanism since they commenced operations. Historically, volumes transported in these pipelines for such parties under the open access mechanism have not been material. However, to the extent that such parties access our distribution networks, this could result in competitive pressure on natural gas prices, which could reduce the price we are able to charge for our natural gas, adversely affecting our distribution revenues. More generally, there can be no assurance that BPH Migas or other regulatory authorities will not seek to favor new entrants in order to promote competition in the industry.

In addition, open access to our transmission pipelines may limit our ability to increase the amount of natural gas supplied to our distribution networks in the event that demand in these networks increases. This could materially adversely affect our growth strategy if, in the long term, we do not have the transmission capacity available to enable us to deliver all of the gas that we would otherwise sell to our own customers.

Linked to the potential implementation of an open access policy is the implementation of a policy requiring the separation of transportation and marketing of natural gas, therefore requiring separate corporate entities to conduct natural gas transportation activities on the one hand, and natural gas trading activities on the other hand. Such policy may require us to undertake a certain degree of corporate re-organization. As a result, related costs and expenses may increase, and if we cannot entirely pass on such costs to customers through tariff adjustments, there could be a material adverse effect on our business, financial condition and results of operations.

Our business operations may be adversely affected by present or future environmental regulations

Our businesses are subject to various and extensive Indonesian laws and regulations relating to the transportation of natural gas and construction of transmission and distribution pipelines, land use, exploration and production, as well as environmental and safety matters. These laws and regulations affect many aspects of our operations and carry substantial penalties for non-compliance.

While we believe that our businesses have been operated in material compliance with applicable environmental laws and regulations, licenses, permits and approvals, we cannot assure you that we will not be in breach of any applicable environmental laws and regulations, and all conditions established by applicable licenses, permits and approvals at any given time. Furthermore, we cannot assure you that we will not be subject to stricter enforcement or interpretation of existing environmental laws and regulations, or that such laws, regulations or requirements established for maintaining or renewing applicable licenses, permits and approvals will not become more stringent in the future. The failure to renew or maintain any required licenses, permits or approvals or our inability to satisfy any such existing or stricter laws, regulations or requirements may result in the suspension

of operation, the imposition of remedial measures or give rise to other liabilities which may result in significant costs, including compliance costs and/or additional capital expenditures. Such liabilities and costs may have an adverse effect on our business, financial condition and results of operations.

For instance, on October 3, 2009, Law No. 32 of 2009 on Protection and Management of Environment (the “Environmental Law”) was enacted which required that all current environmental management licenses be integrated into the environmental permit issued pursuant to the Environmental Law and introduced more stringent penalties for breaches of environmental laws and regulations. On February 23, 2012, the Government enacted Regulation No. 27 of 2012 on Environmental Permit which requires that in addition to an environmental impact analysis (*Analisa Mengenai Dampak Lingkungan*) (“AMDAL”) approval, an environmental management effort plan (*Upaya Pengelolaan Lingkungan*) (“UKL”) or an environmental monitoring effort plan (*Upaya Pemantauan Lingkungan*) (“UPL”), an environmental permit from the State Ministry of Environmental Affairs or governor or mayor/head of regent of their respective areas would need to be obtained. Under the Environmental Law, if obligations in the AMDAL approval or UKL or UPL are not met, one of the sanctions that could be imposed is the revocation of our environmental permit. Revocation of an environmental permit may lead to nullification of business licenses, which may require related operations to be discontinued. See “Regulatory Overview of Oil and Gas Activities in Indonesia — Environmental Obligations on Oil and Gas Operations.”

Increased regulation by the Government and governmental agencies may increase the cost of regulatory compliance and impact our development plans

Our business operations are subject to an increasing number of laws, rules and regulations issued by numerous Government Agencies and departments and may be difficult and costly to comply with. In Indonesia, in addition to SKK Migas, BPH Migas and the Ministry of Energy and Mineral Resources, other Government Agencies such as the Ministry of Trade, the Ministry of Forestry, the Ministry for Environment and/or Bank Indonesia have authority to administer and issue regulations that will be relevant for the oil and gas industry. The continued expansion of the roles of Governmental Agencies coupled with adverse effects from unfavorable market perceptions of the environmental impact of the operations of oil and gas companies that generally follow specific incidents may result in the adoption of new regulations, legislation and practices that we would be required to comply with.

New regulations, legislation and practices may be more stringent, particularly in relation to environmental, health and safety controls and oversight of exploration and production operations. Given the possibility of unanticipated regulatory or other developments, including more stringent regulations, legislation and practices, the amount and timing of future legal and regulatory compliance expenditures could vary substantially from their current levels. New regulations, legislation and practices could also require changes to our operations and development plans.

Changes in the value of the U.S. Dollar against the Japanese Yen may materially and adversely affect our business, financial condition and results of operations

We recognized a net gain/(loss) on fair value of derivative of US\$70.2 million, US\$65.1 million and US\$(1.3) million in the years ended December 31, 2013, 2012 and 2011, respectively. Our net gain on change in fair value of derivative comprises changes in fair value of our derivative instruments between reporting periods netted against current year realizations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Principal Components of Income Statement Items - Gain on change in fair value of derivative - net.” Pursuant to a currency swap contract with The Royal Bank of Scotland, London Branch, we agreed (until March 15, 2019) to make semi-annual interest payments in amounts that vary from period to period depending on, among other things, the difference between a stipulated strike rate and the average U.S. Dollar/Japanese Yen spot exchange rate as computed on certain pre-determined dates and the value of the 10-year “mean” U.S. Dollar swap rate (quoted on a semi-annual 30/360 day basis versus 3-month LIBOR) over certain fixed period (the “U.S. Dollar Swap Rate”). Our counterparty agreed to make semi-annual interest payments to us at a fixed interest rate applied to pre-determined balances for each payment period. These

payments are all to be made in Japanese Yen. In addition, we also agreed that, on certain payment dates, in case the U.S. Dollar/Japanese Yen spot exchange rate is lower than a pre-set value, we would pay additional pre-agreed amounts (stipulated in Japanese Yen) to our counterparty in U.S. Dollar. Our counterparty also agreed to pay us additional pre-agreed amounts denominated in Japanese Yen in case the U.S. Dollar/Japanese Yen spot exchange rate as computed on certain pre-determined dates is lower than same pre-set value.

Therefore, depending, among other things, on variations of the U.S. Dollar/Japanese Yen spot exchange rate and the U.S. Dollar Swap Rate, which are beyond our control, and within certain limits as set out in this currency swap contract, we may experience a net cash outflow or a net cash inflow, and may recognize a net gain or loss on the fair value of derivative, pursuant to our contractual obligations under this currency swap contract. Any such net cash outflow or net loss may materially and adversely affect our financial condition and results of operations.

Risks Relating to Indonesia

We are incorporated in Indonesia and most of our assets and operations are located in Indonesia. As a result, we may be adversely and materially affected by changes in political, economic, legal and social conditions in or affecting Indonesia, as well as certain actions and policies that the Government may, or may not, take or adopt.

Depreciation in the value of the Rupiah, principally against the U.S. Dollar, may materially and adversely affect our financial condition and results of operations

Although the Rupiah has appreciated considerably from its low point of approximately Rp. 17,000 per U.S. Dollar in January 1998, the Rupiah continues to experience significant volatility. As of April 30, 2014, the exchange rate was Rp.11,532 = US\$1.00. There can be no assurance that the Rupiah will not be subject to depreciation and continued volatility.

The Rupiah has generally been freely convertible and transferable. However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. There can be no assurance that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the U.S. Dollar, will not occur, or that the Government will take additional action to stabilize, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful.

Changes in exchange rate between the Rupiah and the U.S. Dollar (our presentation currency) has affected and will continue to affect our cash flows and results of operations. Although most of our sales of natural gas and all our purchases of natural gas are denominated in U.S. Dollar, thereby naturally hedging the related foreign currency exposure, our assets, liabilities and operational transactions are denominated in foreign currencies. As a result, variations in the foreign exchange rates of the Rupiah against the U.S. Dollar have impacted and will impact our cash flows and results of operations, primarily due to their effect on the translation into U.S. Dollar balances of our cash and cash equivalents. Any adverse changes in the value of the Rupiah against the U.S. Dollar could therefore have a material adverse effect on our financial condition, results of operations or cash flows. We are also subject to fluctuations in foreign exchange rates of the U.S. Dollar against the Japanese Yen due to our outstanding loans denominated in Japanese Yen. For additional information on the estimated impact of variations in foreign exchange rates on our financial condition and profit for the year, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosure About Market, Credit and Liquidity Risks.”

Regional or global economic changes may materially and adversely affect the Indonesian economy and our business

The economic crisis that affected Southeast Asia, including Indonesia, from mid-1997 was characterized in Indonesia by, among other effects, currency depreciation, a significant decline in real

GDP, high interest rates, social unrest and political instability. The economic crisis resulted in the failure of many Indonesian companies to repay their debts when due. These conditions had a material adverse effect on Indonesian businesses, including our business and financial condition. Indonesia entered a recessionary phase with relatively low levels of growth between 1999 and 2002. The rate of growth has stabilized at higher levels in recent years.

More recently, the global financial crisis, which was triggered in part by the subprime mortgage crisis in the United States, caused failures of large US financial institutions and rapidly evolved into a global credit crisis. Consequently, unemployment in developed markets around the world increased and some major companies experienced significantly diminished results and, in some cases, bankruptcy or a significant threat of bankruptcy. These negative economic developments have adversely affected both developed economies and developing markets, including Indonesia. Although the Government has taken a number of actions in response to these unprecedented conditions with the aim of maintaining economic stability and public confidence in the Indonesian economy, continuation of these unprecedented conditions may negatively impact economic growth, the Government's fiscal position, the Rupiah's exchange rate and, more generally, the Indonesian economy.

There can be no assurance that the recent improvement in economic conditions will continue or the previous adverse economic conditions in Indonesia and the rest of the Asia-Pacific region will not occur in the future. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Political and social instability in Indonesia may materially and adversely affect us

Since the collapse of President Soeharto's regime in 1998, Indonesia has experienced a process of democratic change, resulting in political and social events that have highlighted the unpredictable nature of Indonesia's changing political landscape. In 1999, Indonesia successfully conducted its first free elections for parliament and president. In 2004, Indonesians directly elected the President, Vice-President and representatives in the Indonesian Parliament for the first time. At the lower governmental level, Indonesians have started directly electing their respective heads of local government. Although prior elections were conducted peacefully, future political campaigns and elections may bring a degree of political and social uncertainty to Indonesia. As a new democratic country, Indonesia continues to face various socio-political issues and has, from time to time, experienced political instability and social and civil unrest in recent years.

Since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati and current President Yudhoyono, as well as in response to specific issues, including fuel subsidy reductions, privatization of state assets, anticorruption measures, decentralization and provincial autonomy, actions of former Government officials and their family members, the U.S. led military campaigns in Afghanistan and Iraq and potential increases in electricity tariffs. Although these demonstrations were generally peaceful, some have turned violent. There can be no assurance that this situation will not lead to further political and social instability.

Separatist movements and clashes between religious and ethnic groups have resulted in social and civil unrest in parts of Indonesia, such as in the provinces of Aceh, Papua, Maluku and Kalimantan, which have at times produced fatalities and refugees in past years. In recent years, however, the Government has made some progress with unequal success.

Political and social developments in Indonesia have been unpredictable in the past and, as a result, confidence in the Indonesian economy has remained low. Any resurgence of political instability could lead to extended disruptions in our operations and/or adversely affect the Indonesian economy, which could adversely affect our business. There can be no assurance that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, materially and adversely, affect our business, financial condition and results of operations.

Indonesia is located in an earthquake zone and is subject to significant geological risk and other natural disasters that could lead to property damage, loss of life, social unrest and economic loss

The Indonesian archipelago is one of the most seismically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive volcanoes, earthquakes, tidal waves or tsunamis, such as the tsunami of December 26, 2004, in which more than 220,000 people died or were recorded as missing in the disaster. Other earthquakes also claimed substantial casualties in 2005 and 2006. Harsh weather conditions, including torrential rains that may cause floods and landslides, such as in December 2006 in northwestern Sumatra island, in January and February 2007 in the region of Jakarta or in July 2007 in Sulawesi or, more recently, in January 2013 in Jakarta, also claimed substantial casualties. In 2014, volcanic eruptions in Sumatra and East Java also resulted in casualties and caused business disruption in the affected areas.

While these events did not have a significant economic impact on the Indonesian capital markets, the Government has had to expend significant amounts of resources on emergency aid and resettlement efforts. A significant portion of these costs has been underwritten by foreign governments and international aid agencies. However, there can be no assurance that such aid will continue to be forthcoming, or that it will be delivered to recipients on a timely basis. If the Government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Additionally, recovery and relief efforts are likely to continue to strain the Government's finances and may affect its ability to meet its obligations on its sovereign debt. Any such failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, could potentially trigger an event of default under numerous private-sector borrowings including ours, thereby materially and adversely affecting our business, financial condition and results of operations, and our ability to make payments under the Notes.

In addition, there can be no assurance that future geological occurrences or other natural disasters will not significantly impact the Indonesian economy. A significant earthquake or other geological disturbance or other natural disasters in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our business, financial condition and results of operations.

Terrorist attacks, terrorist activities and certain destabilizing events have led to substantial and continuing economic and social volatility in Indonesia, which may materially and adversely affect our business

The terrorist attacks on the United States on September 11, 2001, together with the military response by the United States and its allies in Afghanistan and military activities in Iraq, have resulted in substantial and continuing economic volatility and social unrest in Southeast Asia. In Indonesia during the past several years, there have been a number of bombing incidents directed toward the Government, foreign governments, and public and commercial buildings frequented by foreigners, including international hotels and the Indonesia Stock Exchange Building, such as in October 2002 at a tourist area in Bali or, more recently, in July 2009, at the JW Marriott Hotel and Ritz-Carlton Hotel in Jakarta. Authorities have indicated that these bombings may be linked to an international terrorist organization. In addition, following the military involvement of the United States and its allies in Iraq, a number of governments have issued warnings to their citizens in relation to a perceived increase in the possibility of terrorist activities in Indonesia, targeting foreign, particularly U.S., interests. There can be no assurance that further terrorist acts will not occur in the future. Such terrorist acts could destabilize Indonesia, increase political and social instability, thereby adversely affecting investors' confidence in Indonesia and the Indonesian economy. Violent acts arising from and leading to instability and unrest have in the past had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and in turn our business. Any of the events described above, including damage to our assets, could cause interruption to parts of our business, and materially and adversely affect our financial condition and results of operations.

Outbreak of an infectious disease or any other serious public health concerns in Indonesia or elsewhere may adversely impact our business, results of operations and financial condition

The outbreak of an infectious disease in Indonesia or elsewhere, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy and business activity in Indonesia and thereby adversely impact our revenues. Examples are the outbreak in 2003 of Severe Acute Respiratory Syndrome in Asia (SARS), the outbreak in 2004 and 2005 of Avian influenza, or bird flu, in Asia and the recent outbreak in 2009 of Influenza A (H1N1). There can be no assurance that any precautionary measures taken against infectious diseases would be effective. Any intensification or recurrence of SARS, bird flu, Influenza A (H1N1) or other contagious disease or any other serious public health concern in Indonesia may adversely affect our business, financial condition and results of operations.

Downgrades of credit ratings of Indonesia and Indonesian companies could materially and adversely affect us and the market price of the Notes

In 1997, certain internationally recognized statistical rating organizations, including Moody's, Standard & Poor's and Fitch, downgraded Indonesia's sovereign rating, the credit ratings of various credit instruments of the Government and the credit ratings of a large number of Indonesian banks and other companies. Currently, Indonesia's sovereign foreign currency long-term debt is rated (i) "Baa3 (stable)" by Moody's, (ii) "BB+ (stable)" by Standard & Poor's and (iii) "BBB- (stable)" by Fitch. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

No assurance can be given that Moody's, Standard & Poor's, Fitch or any other statistical rating organization will not downgrade the credit ratings of Indonesia or Indonesian companies. Any such downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available and could have a material adverse effect on our business, financial condition and results of operations.

Indonesian corporate and other disclosure and accounting standards differ from those in the United States, countries in the European Union and other jurisdictions

There may be less publicly-available information about Indonesian public companies, including us, than is regularly disclosed by public companies in countries with more mature securities markets. Our consolidated financial statements are prepared in accordance with IFAS, which differs in significant respects from U.S. GAAP. As a result, our consolidated financial statements and reported earnings could be significantly different from those which would be reported under U.S. GAAP. This Offering Circular does not contain a reconciliation of our consolidated financial statements to U.S. GAAP, and there is no assurance that such a reconciliation would not reveal material differences. See "Summary of Certain Significant Differences Between Indonesian Financial Accounting Standards and United States Generally Accepted Accounting Principles" for a summary of differences that may be applicable.

We may be affected by uncertainty in the balance of power between local governments and the central government in Indonesia

Indonesian Law No. 25 of 1999 on fiscal decentralization and Law No. 22 of 1999 on regional autonomy were passed by the Indonesian parliament in 1999 and further implemented by Government Regulation No. 25 of 2000. Law No. 22 of 1999 has been revoked and replaced by the provisions of regional autonomy Law No. 32 of 2004 as amended by Law No. 8 of 2005 and Law No. 12 of 2008. Law No. 25 of 1999 has been revoked and replaced by Law No. 33 of 2004 regarding the Fiscal Balance between the Central and the Regional Governments respectively. Currently, there is uncertainty in respect of the balance between the local and the central governments and the procedures for obtaining land use rights, renewing licenses and approvals and monitoring compliance with

environmental regulations and, in addition, some local authorities have sought to levy additional taxes or obtain other contributions. There can be no assurance that a balance between local governments and the central government will be effectively established or that our financial position or operations will not be adversely affected by dual compliance obligations and further uncertainty as to legal authority to levy taxes or promulgate other regulations affecting our business.

Risks Relating to Ownership of the Notes

The Notes will be unsecured obligations and will be structurally subordinated to the claims of creditors of our subsidiaries

The claims of all existing and future third-party creditors of our subsidiaries as to the cash flows and assets of such companies will have priority over the claims of the shareholders of such subsidiaries, including us, and the creditors of such shareholders (such as holders of the Notes). As of December 31, 2013, we had total consolidated indebtedness of US\$1,026.0 million of which US\$91.7 million was third-party debt of our subsidiaries. The indenture governing the Notes does not contain any restrictions on our ability or our subsidiaries to incur additional indebtedness.

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control triggering event or otherwise as required by the Indenture governing the Notes

Upon the occurrence of certain events constituting a change of control triggering event, we are required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of their principal amount plus accrued and unpaid interest to the date of purchase. If any such event triggering our repurchase obligations were to occur, we cannot assure you that we would have sufficient funds available at such time to pay the purchase price of the outstanding Notes.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving our company that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or a downgrade of the ratings of the Notes in accordance with the terms of the Indenture, and even if they do, may not constitute a “Change of Control Triggering Event” as defined in the Indenture. Except as described under “Description of the Notes — Repurchase of Notes Upon a Change of Control Triggering Event,” the Indenture does not contain provisions that require us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of “Change of Control” contained in the Indenture includes a disposition of all or substantially all of our assets together with those of our subsidiaries to any person. Although there is a limited body of case law interpreting the phrase “all or substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of “all or substantially all” of our assets together with those of our subsidiaries. As a result, it may be unclear as to whether a “Change of Control” has occurred and whether we are required to make an offer to repurchase the Notes.

The Notes do not contain restrictive financial or operating covenants

The Indenture governing the Notes will contain various covenants intended to benefit the interests of the holders of the Notes that limit our ability to, among other things, incur liens under certain circumstances, consolidate or merge with or into, or sell substantially all of our assets to, another person. These covenants are subject to a number of important exceptions and qualifications. For more details, see “Description of the Notes.”

The Indenture governing the Notes, however, does not contain restrictive financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness, the issuance or repurchase of securities by us, and the entry into sale and leaseback transactions. In addition, the Indenture does not contain any other covenants or provisions designed to afford holders of the Notes protection in the event of a highly leveraged transaction involving us or in the event of a decline in our credit rating or the rating of the Notes as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders. Subject to the terms of our existing corporate debt and other credit facilities, we may incur substantial additional indebtedness in the future.

A trading market for the Notes may not develop and the liquidity and market price of the Notes following the Offering may be volatile

The Notes are a new issue of securities for which there is currently no public market, and no active trading market might ever develop. Although approval in-principle has been received from the SGX-ST for the listing of and quotation for the Notes on the SGX-ST, we cannot assure you that we will obtain or be able to maintain a listing on the SGX-ST, or that, if listed, a liquid trading market will develop. If such a market develops, the price and trading volume of the Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals for new investments, strategic alliances or acquisitions, prevailing interest rates, fluctuations in price for comparable companies and government regulations and changes thereof applicable to our industry and national or international general economic conditions could cause the price of the Notes to change. We and the Initial Purchasers have no obligation to make a market for the Notes. In addition, the market for debt securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. There can be no assurance that any such developments may not result in large and sudden changes in the trading volume and price of the Notes. We cannot assure you that these developments will not occur in the future and have a material adverse effect on the holders of the Notes.

Developments in other markets may adversely affect the market price of the Notes

The market price of the Notes may be adversely affected by declines in the international financial markets and national and international macroeconomic conditions. The market for securities of Indonesian issuers is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including Indonesia. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

There are restrictions on the resale of the Notes, which may adversely affect their liquidity and the price at which they may be sold

The Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act, which could affect the liquidity of the Notes and their selling prices. See "Transfer Restrictions."

The ratings assigned to the Notes may be lowered or withdrawn in the future

The Notes are expected to be assigned a rating of "Baa3" by Moody's, "BB+" by Standard & Poor's and "BBB-" by Fitch. The ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. No assurances can be given that the ratings will be

confirmed or they will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes may adversely affect the market price of the Notes.

Certain facts and statistics are derived from third-party sources and publications not independently verified by us, the Initial Purchasers or our respective advisors

Facts and statistics in this Offering Circular relating to certain macroeconomic data, end-use market data, growth rates and other industry data are derived, except as otherwise indicated, from various publicly available and official government or Government Agencies sources. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us, the Initial Purchasers or our respective advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to the possibility statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other purposes, they should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. See “Description of the Indonesian Gas Industry.”

Applicable OJK regulations may restrict our ability to issue any additional debt securities

On November 28, 2011, Bapepam Regulation IX.E.2 on Material Transactions and Change of Core Business was issued, which replaced the previous regulation issued in 2009 (the “Material Transactions Regulation”). This regulation is applicable to publicly listed companies in Indonesia and their controlled subsidiaries. Pursuant to the Material Transactions Regulation, each borrowing and lending in one transaction or a series of related transaction for a particular purpose or activity having a transaction value of 20% to 50% of a publicly listed company’s equity, as determined by the latest audited annual financial statements, semi-annual limited reviewed financial statements or audited interim financial statements (if any), must be announced to the public and the listed company must also prepare an appraisal report. The announcement relating to the material transaction must be made to the public in at least one Indonesian language daily newspaper having national circulation no later than the end of the second business day after the date of execution of the agreement(s) related to the Material Transaction. The announcement is required to include a summary of the transaction, an explanation of the considerations and reasons for such material transaction and the effect of the transaction on the company’s financial condition, a summary of the appraisal report (including the appraisal report, the conclusion on the value of the transaction, and the fairness opinion on the transaction), which must not be dated more than six months prior to the date of the material transaction, the amount borrowed or lent, and a summary of the terms and conditions of the borrowing or lending. Publicly listed companies must submit evidence of an announcement as referred to above, including the independent appraisal report to OJK at the latest by the end of the second business day after the date of execution of the agreement(s) related to the Material Transaction.

The aggregate transaction value of the offering of the Notes exceeds the 20% threshold, but does not exceed the 50% threshold. Accordingly, in connection with the offering, we are required to obtain and submit to OJK an appraisal report from an independent appraiser (registered with OJK), a summary of which is required to be published in a newspaper announcement within two business days after the date of signing of the agreements related to the offering of the Notes, including the Purchase Agreement and Indenture. We have appointed an independent appraiser, Truscel Capital, to prepare this appraisal report, which we expect to be completed on or before the issue date of the Notes.

If we decide to issue additional debt securities other than through a public offering, and the amount exceeds the 50% threshold, we would be required to obtain shareholders’ approval, as well as a new appraisal report. There is no assurance that we would be able to obtain the approval of our shareholders or a favorable appraisal report in order to issue such additional debt securities. This

requirement could limit our ability to finance our future operations and capital needs, or pursue business opportunities or activities that may be in our interest. Any limitation on our ability to raise funds to finance our operations could materially and adversely affect our business, financial condition and results of operations.

The appraisal report may not be accurate or complete, and you will not have access to it

The independent appraiser referred to above is relying upon the accuracy and completeness of certain information, including certain projections that we provide to the independent appraiser. The appraisal report that is submitted to OJK pursuant to Indonesian regulations will be based on certain assumptions, including certain assumptions with respect to the terms of the Notes and projections, which, by their nature, are subjective and uncertain and may differ from actual results. The independent appraiser has not independently verified such information, and assumes no responsibility for and expresses no view as to any, such information, projections or the assumptions on which they were based. The Initial Purchasers and our independent auditors have not examined, reviewed or compiled the projections and, accordingly, do not express any opinion or any other form of assurance with respect thereto. Unanticipated results of, or changes in, our business or changes in global or local economic conditions or other relevant factors, could affect such projections and the conclusions in the appraisal report. After the issuance of the Notes, we expressly disclaim any duty to, and neither we nor the independent appraiser will, provide an update to the report on the differences between the projections or the assumptions made in the appraisal report and actual performance.

Accordingly, the appraisal report is not a prediction or an indication of our ability to perform our obligations under the Notes. Investors should not rely on our requirement to obtain an appraisal report when making an investment decision.

The full appraisal report, including the detailed projections underlying the analysis and the assumptions on which the appraiser's conclusions are based, is confidentially submitted to OJK and not available to shareholders or to you for review. The summary of the appraisal report will only be published in Bahasa Indonesia in a local newspaper at the latest by end of the second business day after the date of the execution of the agreements related to the Material Transaction, and will not include a full statement of all the relevant facts, information or assumptions on which the appraiser bases its conclusions.

Holders of the Notes may be excluded from receiving compensation in respect of a consent, waiver or amendment to the Indenture or the Notes

We are generally excluded from paying any consideration, directly or indirectly, to any holder of the Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all holders that consent, waive or agree to amend such term or provision. However, we will be permitted to exclude holders of the Notes in any jurisdiction where such consent, waiver or amendment or payment of consideration for such consent, waiver or amendment, in each case in the manner we deem appropriate, would not be permitted under applicable law in such jurisdiction or would require us to (a) file a registration statement subjecting us or any of our subsidiaries to ongoing periodic reporting or similar requirements, (b) qualify as a foreign corporation or other entity or as a dealer in securities in such jurisdiction if we are not otherwise required to so qualify or (c) generally consent to service of process in any such jurisdiction. We intend to evaluate at the time of any consent, waiver or amendment the costs, potential liabilities and any other factors we consider appropriate at the time associated with extending such consent, waiver or amendment into the relevant jurisdictions. On the basis of this evaluation, we will then make a decision as to how to proceed and whether to extend such consent, waiver or amendment. We cannot assure you that we will include holders of the Notes in jurisdictions where the above exclusions are permitted.

It may not be possible for investors to effect service of process or to enforce certain judgments against us or our management

We are a limited liability company established under the laws of Indonesia. All our Commissioners, Directors and executive officers reside outside the United States. Substantially all of our assets and these other persons' assets are located outside the United States. As a result, it may be difficult for investors to effect service of process upon us or such persons within the United States or other jurisdictions, or to enforce against us or such persons, judgments obtained in courts of such jurisdiction, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States or any state thereof.

We have been advised by our Indonesian legal advisors, Hadiputranto, Hadinoto & Partners, that judgments of non-Indonesian courts are not enforceable in Indonesian courts, although such judgments could be admissible as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court. There is doubt as to whether Indonesian courts will enter judgments in original actions brought in Indonesian courts predicated solely upon the civil liability provisions of jurisdictions other than Indonesia. As a result, holders of the Notes, as claimants, would be required to pursue claims against us or our Commissioners and Directors in Indonesian courts on the basis of Indonesian law, which would require re-examination of the underlying claim. There can be no assurance that the claims or remedies available under Indonesian law will be the same, or as extensive, as those available in other jurisdictions.

Holders of the Notes will be exposed to a legal system subject to considerable discretion and uncertainty and may have difficulty pursuing claims under the Notes

Indonesian legal principles relating to the rights of debtors and creditors, or their practical implementation by Indonesian courts, may differ materially from those that would apply within the jurisdiction of the United States or European Union member states. Neither the rights of debtors nor the rights of creditors under Indonesian law are as clearly established or recognized as under legislation or judicial precedent in the United States and most European Union member states. In addition, under Indonesian law, debtors may have rights and defenses to actions filed by creditors that such debtors would not have in jurisdictions with more established legal regimes such as those in the United States and European Union member states.

Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published. Indonesia's commercial and civil laws, as well as rules on judicial process, were historically based on pre-independence Dutch law in effect prior to Indonesia's independence in 1945 and some have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts are often unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of Indonesian laws depends, in large part, upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. As a result, the administration and enforcement of laws and regulations by Indonesian courts and governmental agencies may be subject to considerable discretion and uncertainty. Furthermore, corruption in the court system in Indonesia has been publicly reported by certain international financial institutions, foreign governments or international organizations.

There is also no assurance that Indonesian courts would enforce, or even consent to adjudicating agreements that are governed by non-Indonesian law. On September 2, 2013, holders of notes issued by BLD Investments Pte. Ltd. and guaranteed by PT Bakrieland Development Tbk ("Bakrieland") under a trust deed governed under English law, filed a suspension of debt payment petition with the Jakarta Commercial Court on grounds that, among other things, Bakrieland had failed to comply with its obligation to repay the outstanding amount of the notes when noteholders exercised their put option under the terms of the notes. In its decision dated September 23, 2013, the Jakarta Commercial Court

ruled, among other things, that as the trust deed relating to the notes is governed by English law, all disputes arising out of or in connection with the trust deed must be settled by English courts and the Jakarta Commercial Court did not therefore have authority to examine and adjudicate the case.

As a result, it may be difficult for holders of the Notes to pursue a claim against us in Indonesia, which may adversely affect or eliminate entirely the holders' ability to obtain and enforce a judgment against us in Indonesia or increase the holders of the Notes' costs of pursuing, and the time required to pursue, claims against us.

Uncertainty of English language used in the Indenture and certain other documents entered into in connection with the issuance of the Notes under Indonesian law

Pursuant to Law No. 24, agreements between Indonesian entities and other parties must be set out in Bahasa Indonesia, which is the national language of Indonesia, save that where such party is a foreign entity or individual, the agreement may also be prepared in the language of such foreign party or in the English language. Law No. 24 does not specify any consequences in the event that applicable agreements are not prepared in the Bahasa Indonesia language, and to date, no implementing regulations have been issued with the exception of one implementing regulation on the use of Bahasa Indonesia in the formal speech of the President and/or Vice President and other state officers.

In addition to this implementing regulation, the Minister of State-Owned Enterprises has also issued a Circular Letter No. SE-12/MBU/2009 dated November 3, 2009, which recommends that any state-owned enterprise must use Bahasa Indonesia in every memorandum of understanding or agreement to which such state-owned enterprise is a party. While the Indonesian Ministry of Law and Human Rights had issued the Ministry of Law and Human Rights Clarification Letter to clarify that the implementation of Law No. 24 is contingent upon the enactment of a Presidential Regulation and until such a Presidential Regulation is enacted, any agreement that is executed prior to the enactment of the Presidential Regulation in English without a Bahasa Indonesia version, is still legal and valid, and shall not violate Law No. 24.

The West Jakarta District Court has however issued a decision No. 451/Pdt.G/2012/PN Jakarta Barat on June 20, 2013, which, while not fully final and still within the adjudicative process, voided a loan agreement and a fiduciary agreement on the basis that they were, among other reasons, not executed in Bahasa Indonesia (the "West District Court Decision"). The considerations of the West District Court Decision are not in line with the findings in the Ministry of Law and Human Rights No. M.HH.UM.01.01.35 dated December 28, 2009, which stated that the use of the English language in an agreement does not violate the requirements of Law No. 24 until the presidential regulation is issued. In addition, the West District Court Decision further ruled that, until Law No. 24 is subject to judicial review before the Constitutional Court and amended, the requirement for agreements to which Indonesian entities are a party to be executed in Bahasa Indonesia remains, notwithstanding that a Presidential Regulation has not been enacted.

The Indenture and certain other documents entered into in connection with the issuance of the Notes will be prepared in dual English and Bahasa Indonesia forms as permitted under Law No. 24 and, pursuant to Law No. 24, each version will be considered equally original. While these documents will expressly state that the English versions will prevail, there can be no assurance that, in light of the ongoing uncertainty surrounding Law No. 24 and the West District Court Decision, that in the event of inconsistencies between the Bahasa Indonesia and English language versions of these documents, an Indonesian court will hold that the English language versions of such documents would prevail, or even consider the English language version.

Some concepts in the English language may not have a corresponding term in Bahasa Indonesia, or may not be fully captured by the Bahasa Indonesia version. If this occurs, there can be no assurance that the Notes will be as described in this Offering Circular, or will be interpreted and enforced by the Indonesian courts as intended.

USE OF PROCEEDS

We intend to use the net proceeds of the issue of the Notes, expected to amount to approximately US\$1,331.6 million after deduction of fees and commissions and estimated expenses incurred in connection with the issue of the Notes, primarily to finance our capital expenditures, working capital requirements and other general corporate purposes.

CAPITALIZATION AND INDEBTEDNESS

The table below sets forth our cash and cash equivalents, indebtedness and capitalization as of December 31, 2013 on an actual basis and as adjusted to account for the issue of the Notes in connection with the Offering. This table has been extracted from, and should be read in conjunction with “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes appearing elsewhere in this Offering Circular. Other than as indicated below and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Loans and Borrowings”, there has been no material change to our total capitalization and indebtedness since December 31, 2013.

	As of December 31, 2013	
	Actual	As Adjusted (unaudited)
	(US\$ million)	(US\$ million)
Cash and cash equivalents ⁽¹⁾	1,319.2	2,650.8
Short-term debt:		
Current maturities of long-term loans	114.0	114.0
Short-term bank loans ⁽²⁾	300.0	300.0
Long-term debt:		
Long-term loans — net of current maturities	612.0	612.0
Notes offered hereby ⁽³⁾	—	1,331.6
Total Indebtedness	1,026.0	2,357.6
Equity:		
Issued and fully paid capital	344.0	344.0
Treasury Stock	(0.3)	(0.3)
Other paid-in capital	157.3	157.3
Retained earnings — Appropriated	1,477.6	1,477.6
Retained earnings — Unappropriated	619.0	619.0
Other components of equity	(52.2)	(52.2)
Non-controlling interests	181.8	181.8
Total equity	2,727.2	2,727.2
Total capitalization ⁽⁴⁾	3,753.2	5,084.8

Note:

- (1) The increases in cash and cash equivalents reflected in the as adjusted (unaudited) column are the result of the addition of the gross proceeds of the Notes minus the applicable transaction costs.
- (2) After December 31, 2013, we incurred short-term bank loans in an aggregate amount of US\$500 million. The amounts of such short-term bank loans have not been reflected in the table above.
- (3) This amount is net of offering discount, underwriting, management and selling commissions and other estimated transaction expenses relating to the issuance of the Notes, which will be deducted from the nominal amount of the Notes, consistent with the Company’s accounting policy under IFAS.
- (4) Total capitalization is the sum of total indebtedness and total equity.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth our selected financial data as of the dates and for each of the periods indicated. The selected financial data in this section have been derived from our audited consolidated financial statements as of and for the years ended December 31, 2011, 2012 and 2013, prepared in accordance with IFAS and included elsewhere in this Offering Circular. Our consolidated financial statements as of and for the years ended December 31, 2011, 2012 and 2013, were audited by Purwantono, Suherman & Surja (a member firm of Ernst & Young Global Limited), independent public accountants, in accordance with auditing standards established by IICPA, as stated in their reports included elsewhere in this Offering Circular. IFAS differs in certain material respects from U.S. GAAP. See “Summary of Certain Significant Differences Between Indonesian Financial Accounting Standards and United States Generally Accepted Accounting Principles.” We have not quantified or identified the impact of the differences between IFAS and U.S. GAAP as they relate to our financial statements. Our consolidated financial statements are presented in U.S. Dollar, which is our functional currency. See “Presentation of Financial and Other Information.” The following information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements and the notes thereto included elsewhere in this Offering Circular.

Consolidated Statement of Comprehensive Income:

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Net revenues	3,001.5	2,580.2	2,230.4
Cost of revenues	1,583.5	1,107.8	888.5
Gross profit	1,418.0	1,472.4	1,341.9
Distribution and transmission expense	(292.6)	(269.9)	(280.2)
General and administrative expense	(216.6)	(204.4)	(178.3)
Other income	27.0	21.4	20.9
Other expenses	(2.2)	(1.0)	(6.2)
Operating profit	933.7	1,018.5	898.2
Gain/(loss) on foreign exchange — net	83.9	49.8	(26.2)
Gain/(loss) on fair value of derivative — net	70.2	65.1	(1.3)
Share in profit/(loss) of the associates	32.3	8.7	(6.0)
Finance income	26.9	27.8	35.1
Finance costs	(21.9)	(21.6)	(27.7)
Profit before tax benefit/(expense)	1,125.1	1,148.3	872.0
Current tax expense	(226.6)	(238.4)	(178.0)
Deferred tax benefit/(expense)	(4.6)	5.3	7.9
Profit for the year	893.9	915.3	701.9

Consolidated Statement of Financial Position:

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Assets:			
Current assets	1,780.5	1,983.8	1,506.8
Non-current assets	2,582.6	1,924.3	1,893.4
Total assets	<u>4,363.2</u>	<u>3,908.2</u>	<u>3,400.2</u>
Liabilities:			
Current liabilities	885.8	472.7	273.8
Long-term loans — net of current maturities	612.0	840.0	994.0
Other non-current liabilities	138.2	240.7	253.0
Total Liabilities	<u>1,635.9</u>	<u>1,553.4</u>	<u>1,520.8</u>
Equity	2,727.2	2,354.8	1,879.4
Total liabilities and equity	<u>4,363.2</u>	<u>3,908.2</u>	<u>3,400.2</u>

Consolidated Statement of Cash Flows:

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Net cash provided by/(used in)			
Operating activities	828.9	1,166.4	947.3
Investing activities	(666.5)	(250.3)	(111.3)
Financing activities	(330.7)	(460.3)	(897.8)
Net effects of foreign exchange differences on cash and cash equivalents	(79.9)	(29.8)	(27.6)
Net (decrease)/increase in cash and cash equivalents	<u>(248.3)</u>	<u>426.1</u>	<u>(89.4)</u>
Cash and cash equivalents at beginning of year	1,567.5	1,141.4	1,230.7
Cash and cash equivalents at end of year	<u>1,319.2</u>	<u>1,567.5</u>	<u>1,141.4</u>

	Year ended December 31,		
	2013	2012	2011
	(US\$ million, except where otherwise noted)		
Other financial data (unaudited):			
EBITDA ⁽¹⁾	1,120.7	1,209.2	1,092.9
EBITDA margin (%) ⁽²⁾	37.3	46.9	49.0
EBITDA/Interest expense ⁽³⁾	51.2	56.0	39.5

Notes:

- (1) EBITDA is not a standard measure or measure of financial performance under IFAS or U.S. GAAP. EBITDA refers to our profit for the year before depreciation, amortization, finance costs, net loss/gain on foreign exchange, finance income, net loss/gain on fair value of derivative, share in loss/profit of associates, tax expense for current year and deferred tax expense/benefit, as calculated under IFAS. EBITDA should not be considered in isolation or construed as an alternative to cash flows generated by operating activities, or as an indicator of our operating performance, liquidity, profitability or any other measure of performance derived in accordance with IFAS or U.S. GAAP. EBITDA presented herein is not an IFAS or U.S. GAAP measure and may not be comparable to similarly-titled measures presented by other companies. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures.”
- (2) For any year, EBITDA divided by net revenues.
- (3) For any year, EBITDA divided by finance costs.

The following table reconciles our profit for the year under IFAS to our definition of EBITDA for the periods indicated:

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Profit for the year	893.9	915.3	701.9
Adjustments:			
Depreciation ⁽¹⁾	185.6	189.4	192.8
Amortization.	1.4	1.2	2.0
Finance costs	21.9	21.6	27.7
(Gain)/loss on foreign exchange — net.	(83.9)	(49.8)	26.2
Finance income.	(26.9)	(27.8)	(35.1)
(Gain)/loss on fair value of derivative — net ⁽²⁾	(70.2)	(65.1)	1.3
Share in (profit)/loss of associates	(32.3)	(8.7)	6.0
Tax expense — current year	226.6	238.4	178.0
Tax expense/(benefit) — deferred	4.6	(5.3)	(7.9)
EBITDA (unaudited)	<u>1,120.7</u>	<u>1,209.2</u>	<u>1,092.9</u>

Notes:

- (1) Depreciation adjustments to our distribution and transmission expenses were US\$181.1 million, US\$174.8 million and US\$169.4 million in the years ended December 31, 2011, 2012 and 2013, respectively. Depreciation adjustments to our general and administrative expenses were US\$11.7 million, US\$14.6 million and US\$16.2 million in the years ended December 31, 2011, 2012 and 2013, respectively.
- (2) To manage foreign exchange risks relating to our long-term loans denominated in Japanese Yen, we entered into a cross currency swap contract, which is accounted for as a transaction and not designated as a hedge. Changes in the fair value of this derivative are charged or credited directly to our consolidated statement of comprehensive income for the current financial year. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Principal Components of Income Statement Items — Gain on change on fair value of derivative — net.”

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements, including the notes thereto, included elsewhere in this Offering Circular. We have prepared this discussion using our audited consolidated financial statements as of and for the years ended December 31, 2011, 2012 and 2013, which were prepared in accordance with IFAS. Our consolidated financial statements as of and for the years ended December 31, 2011, 2012 and 2013, were audited by Purwantono, Suherman & Surja (a member firm of Ernst & Young Global Limited), independent public accountants, in accordance with auditing standards established by IICPA, as stated in their reports included elsewhere in this Offering Circular. IFAS differs in certain material respects from U.S. GAAP. See "Summary of Certain Significant Differences Between Indonesian Financial Accounting Standards and United States Generally Accepted Accounting Principles." We have not quantified or identified the impact of the differences between IFAS and U.S. GAAP as they relate to our financial statements. Our consolidated financial statements are presented in U.S. Dollar, which is our functional currency. See "Presentation of Financial and Other Information."

Overview

We have the following four main businesses:

- **Distribution business:** our distribution business involves purchasing natural gas from upstream gas suppliers and reselling it to industrial, commercial and residential customers through our distribution infrastructure. We have distribution networks on the islands of Java, Sumatra and the Riau archipelago with a combined 3,950 km of pipelines and a volume of 823.8 MMscfd for the year ended December 31, 2013. Our distribution business accounted for US\$2,045.9 million, US\$2,369.9 million and US\$2,769.7 million, respectively, and 91.7%, 91.8% and 92.3%, respectively, of our net revenues for the years ended December 31, 2011, 2012 and 2013;
- **Transmission business:** our transmission business involves transporting natural gas owned by third parties through our transmission pipelines from upstream suppliers for delivery directly to their off-taker. Our transmission business covers areas in North Sumatra, South Sumatra, Jambi, Riau, Riau archipelago, Lampung, Banten and West Java and serves shippers and off-takers along our transmission pipeline. Our transmission business accounted for US\$174.9 million, US\$200.0 million and US\$180.2 million, respectively, and 7.8%, 7.8% and 6.0%, respectively, of our net revenues for the years ended December 31, 2011, 2012 and 2013;
- **Upstream business:** our upstream oil and gas business is one of our strategic priorities and involves taking participation in upstream oil and gas blocks, engaging in exploration and production activities and operating oil and gas blocks in Indonesia. Our upstream business accounted for US\$34.8 million, or 1.2%, of our net revenues for the year ended December 31, 2013 and did not generate any revenue in the years ended December 31, 2011 and 2012; and
- **Other businesses:** we have subsidiaries and joint ventures or associated companies through which we hold non-key, non-gas assets and participate in non-core businesses such as the leasing of fiber optic capacity or the providing of engineering, construction, operation and maintenance services. Together, these businesses accounted for US\$9.6 million, US\$10.3 million and US\$16.7 million, respectively, and 0.4%, 0.4% and 0.6%, respectively, of our net revenues for the years ended December 31, 2011, 2012 and 2013.

All of the above businesses are reportable within four reportable segments, namely the “gas distribution segment”, the “gas transmission segment”, “exploration of oil and gas” and the “other operations segment”, as reported in Notes 2(x) and 44 of our consolidated financial statements included elsewhere in this Offering Circular. We do not analyze revenues on a geographic segment basis.

Unless otherwise stated, distribution revenues given throughout this Offering Circular are expressed net of sales adjustments. Sales adjustments are changes which we agree with customers, after they have been invoiced, to the volume of natural gas consumption for which they are billed in a particular period. These changes may be made if the customer disagrees with the metered volume of gas or with the calorific value used to convert the volume in cubic meters to MMBtu for U.S. Dollar billing purposes.

Recent Developments

In January 2014, our subsidiary Saka acquired a 75% equity interest in an oil and gas block (Ujung Pangkah block) by acquiring two subsidiaries of Hess Oil and Gas Holding Inc. and Hess NWE Holdings, for total consideration of US\$654.3 million. As a result of this acquisition, we obtained a 100% ownership of this oil and gas block.

In January 2014, Saka also entered into a sale and purchase agreement with KNOC Sumatra Ltd. for the acquisition of an 8.9% participating interest in an oil and gas block in South East Sumatra valued at US\$46.0 million. Completion of this transaction is still subject to regulatory approvals from the Government and SKK Migas.

Through our subsidiary Saka, we have entered into definitive agreements to acquire a 36.0% participating interest in Swift Energy Company’s Fasken shale properties located in Texas (United States). The Fasken field includes a number of operating wells developed by Swift Energy Company, which are already producing natural gas. Total consideration for this transaction is US\$175.0 million. Under these agreements, Swift Energy Company will continue to serve as operator of these properties, conducting drilling, completion and production operations, with development plans to be mutually agreed upon by Saka and Swift Energy Company. This acquisition is expected to be completed on or about June 30, 2014, subject to customary closing conditions.

On March 27, 2014, our general annual assembly of shareholders approved the distribution of dividends to shareholders in cash for the financial year 2013 in the total aggregate amount of Rp.5,100,024,084,438 (or approximately US\$442.0 million, based on the middle exchange rate on April 30, 2014).

Key Factors Affecting Our Results of Operations

Fluctuations in the Price of Natural Gas We Sell and Charges and Tariffs Applied to our Customers

Most of our net revenues are generated from the natural gas we sell and distribute through our distribution network and tariffs applied to the natural gas we transport through our transmission network. Increases and decreases in total quantity of sales and volumes transported has a direct impact on our revenue. The sales price and tariffs we charge to our customers also directly impact our revenues and operating margin. Over the past three years, we primarily generated revenue from our downstream businesses. Our transmission and distribution businesses generated in aggregate 99.6%, 99.6% and 98.3% of our revenues in the years ended December 31, 2011, 2012 and 2013, respectively. Most of the rates we charge customers for our services are not regulated; however, a number of prices, fees and rates, such as the ones we charge to our residential and small-scale customers in our distribution business or the tariffs charged to our transmission customers, are fixed by our downstream business regulator, BPH Migas. Changes to these regulated tariffs and sales prices for residential and small-scale customers require approval from the regulator. Accordingly, we cannot unilaterally modify these prices, fees and rates, which may restrict our operational flexibility. Although our revenues and

profitability were not affected by regulated prices or fees in the last three years, in particular due to our portfolio of clients and revenues sourced from clients and activities which are not subject to regulated tariffs, a change in applicable regulations, or increased reliance on customers who benefit from regulated prices could impact our revenue. Any such change could have a material and adverse impact on our results of operations and profits if our ability to pass onto our customers increases in the price of the natural gas that we procure from suppliers were limited and the prices of the natural gas we distribute could not be adjusted to the same extent.

The price of natural gas we pay our suppliers is subject to periodic increases pursuant to escalation clauses included in our gas sales and purchase agreements. In addition, the profit derived from distribution fees and other related services can decrease in response to decreases in overall demand for natural gas, which might be negatively impacted by increases in the price of natural gas compared to other sources of energy. Overall demand for natural gas from our customers depends, among other things, on their preference for natural gas over other energy sources, such as fuel oil. Such preferences are influenced by a number of factors beyond our control, such as the price of these other energy sources as compared to the price of natural gas. Although an increase in the price of natural gas could have, in the future, a positive impact on revenue and results of operations from our upstream activities, the relative increase of natural gas prices compared to that of other competing sources of energy could negatively impact demand for natural gas from our distribution customers, in particular, industrial and commercial customers who may have the ability to use other sources of energy, which in turn could materially and negatively impact our revenue and results of operations.

Fluctuations in the Price of Natural Gas We Source from Third Parties

Our cost of revenues primarily consists of the cost of natural gas we source from our natural gas suppliers, including ConocoPhillips (Grissik) Ltd. and Pertamina. The cost of our supply of natural gas represented 98.8% of our cost of revenues in the year ended December 31, 2013, and 100.0% of our cost of revenues in both years ended December 31, 2012 and 2011. In the past, we have successfully passed increases in the cost of natural gas purchased from our suppliers onto our customers in a manner that secured our operating margin, but there is no assurance that we will retain the same ability in the future. If we are unable to pass such increases onto our customers in the future, our results of operations and profits will be negatively and materially impacted.

The purchase price of the natural gas we distribute could also increase if, due to the inability of our long-term suppliers to procure the natural gas we need to honor our underlying commitments, we are required to enter into alternative arrangements by making purchases from other suppliers under terms which are less commercially favorable to us. Our ability to use make-up rights under certain of our gas sales and purchase agreements, which crystallized in previous years when the price paid for our natural gas was substantially lower than current market prices, has a positive impact on our profit margin, which will gradually disappear once we have taken delivery of volumes supplied to us pursuant to these make-up rights.

In the future, as our LNG business develops, it may also be impacted by worldwide LNG market prices, as high LNG prices in markets outside Indonesia could result in lower than expected deliveries of LNG cargoes to our LNG receiving facilities, which could increase our costs if we do not receive expected LNG cargo deliveries from third parties under existing supply agreements and are instead required to obtain LNG in the open market at prevailing prices.

Our Ability to Secure Natural Gas Supply

We source most of our revenue from sales of natural gas and tariffs applied to volumes of natural gas that we distribute or transmit. Increases and decreases in the amount of natural gas sold and volumes transported has a direct impact on our revenue. Therefore, demand for natural gas, which is influenced by a number of factors beyond our control, including macroeconomic factors and the relative price of natural gas compared to market prices of other energy sources, and our ability to source enough volumes of natural gas to meet such demand, may substantially impact our revenue.

We depend on a limited number of natural gas suppliers with which we have entered into long-term agreements which may be suspended or terminated by these suppliers under certain events, such as in case of force majeure or insolvency of any of the parties to such contracts. Further, any such supplier may default on its contractual obligations under such contracts and we may not be fully compensated for damages caused by such default. Any such event may substantially decrease the amount of natural gas supplied to us and, therefore, substantially affect our ability to deliver natural gas volumes required by our distribution customers, which in turn would negatively impact our revenue and profitability.

Although we have implemented and continue to implement strategies for diversifying our portfolio of suppliers and securing supplies of natural gas from our newly established upstream business and existing and future LNG facilities, there is no assurance that we will be able to honor our underlying commitments to our existing customers in case of disruption in our supply chain or inability to secure enough volumes of natural gas, or that we will be able to increase our supply volumes at the same rate as the rate at which market demand for natural gas in Indonesia may increase in the future, which could have a negative impact on our revenues, results of operations and/or business prospects.

Indonesian Economic Growth

Higher economic growth rates in Indonesia generally increase demand and consumption of natural gas by our customers. Most of our revenue is generated by our distribution business and the largest contributors to our distribution revenue are our industrial customers, whose consumption of natural gas may be particularly affected by general economic activity. As a result, economic growth will affect our business, financial condition and results of operations.

Changes in Capital Expenditure

We have historically engaged in strategic investments in order to expand, consolidate and modernize our distribution and transmission networks. Since 2011, we have pursued strategic investments in upstream oil and gas businesses and LNG businesses, including through joint ventures and partnerships. We plan to actively seek further investment opportunities in the upstream oil and gas business domestically and internationally. This growth and integration strategy will likely require increased capital expenditure. We will adjust our capital expenditure based on our desire and ability to secure long-term diversified natural gas resources. For instance, in June 2013, our subsidiary Saka acquired a 100% equity stake in Kufpec Indonesia (Pangkajene) B.V. for a total consideration of US\$259.9 million to acquire a 25% participating interest in the Ujung Pangkah block. This participating interest was further increased to 100% following the acquisition in January 2014 by Saka of two subsidiaries of Hess Oil and Gas Holding Inc. and Hess NWE Holdings, for an aggregate total consideration of US\$654.3 million. Although this growth strategy may increase our revenue growth and operational leverage, both may be adversely affected if we are unable to successfully implement our growth strategy.

Fluctuations in the Exchange Rates of the Rupiah against U.S. Dollar and the Japanese Yen

Changes in exchange rates between the Rupiah and the U.S. Dollar (our presentation currency) and between the U.S. Dollar and the Japanese Yen have affected and will continue to affect our cash flows and results of operations. A portion of our distribution revenues and operational transactions is denominated in Rupiah. As a result, variations in the foreign exchange rates of the Rupiah against the U.S. Dollar has impacted and will impact our cash flows and results of operations, primarily due to their effect on the translation into U.S. Dollar of our cash and cash equivalents balances. Variations in the foreign exchange rates of the U.S. Dollar against the Japanese Yen will also impact our financial condition, primarily due to outstanding loans denominated in Japanese Yen.

Seasonality

Our operations are subject to seasonal variation, which can sometimes be significant. For example, our downstream business generally experiences lower demand during the end of the calendar year and the period of Ramadan, in particular from our commercial and industrial clients (including power plants) as most of them partially or totally discontinue their operations during these periods. As a result of these seasonal patterns, our sales and results of operations may be lower during certain quarterly periods which may vary from year to year depending on the set dates of Ramadan.

Basis of Presentation of Financial Information

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, which comprise the Statements and Interpretations issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants and Regulation Number VIII.G.7 on the Guidelines on Financial Statement Presentation and Disclosures issued by Indonesia Capital Market and Financial Institution Supervisory Agency (BAPEPAM-LK), and on the accrual basis using the historical cost concept of accounting, except for certain accounts which are measured on the bases described in the related accounting policies of each account.

Our consolidated financial statements have been prepared using uniform accounting policies for transactions and other events in similar circumstances. If a member of our group uses accounting policies other than those adopted in the consolidated financial statements for transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtained control, and continue to be consolidated until the date such control ceases. Control is presumed to exist if the Company owns, directly or indirectly through subsidiaries, more than a half of the voting power of an entity.

The presentation currency used in the preparation of the consolidated financial statements is the U.S. Dollar, which has been our reporting currency since 2012. The reporting periods are of 12 months for each of our financial years 2011, 2012 and 2013.

Critical Accounting Policies

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements included elsewhere in this Offering Circular. Note 2 to our consolidated financial statements included elsewhere in this Offering Circular includes a summary of principal accounting policies used in the preparation of our consolidated financial information. The determination of these accounting policies is fundamental to our financial condition and results of operations, and requires management to make subjective and complex judgments about matters that are inherently uncertain based on information and data that may change in future periods. As a result, determinations regarding these items necessarily involved the use of assumptions and subjective judgments as to future events and are subject to change, and the use of different assumptions or data could produce materially different results. In addition, actual results could differ from estimates and may have a material adverse effect on our business, financial condition, operating results and cash flows.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of other policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our consolidated financial information. Note 3 to our consolidated financial statements included elsewhere in this Offering Circular includes a summary of principal accounting judgments and estimates made by management in the process of applying our accounting policies.

We believe that the following significant accounting policies involve the most significant judgments and estimates used in the preparation of the consolidated financial information.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, we select whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are directly expensed and included in "General and Administrative Expenses."

When we acquire a business, we assess the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. Acquisition accounting requires extensive use of accounting estimates to allocate the purchase price to the reliable fair market values of the assets and liabilities purchased, including intangible assets. The preparation of estimated future cash flows in determining the fair values of oil and gas properties at the date of acquisition involves significant estimations. While our management believes that its assumptions are appropriate and reasonable, significant changes in its assumptions may materially affect its assessment of recoverable values and may lead to future impairment charges under PSAK No. 48, "Impairment of Assets."

At acquisition date, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on bargain purchase after previously assessing the identification and fair value measurement of the acquired assets and the assumed liabilities and recorded in consolidated statements of comprehensive income. Our management uses its judgment in estimating the recoverable value and determining if there is any indication of impairment. Under PSAK No. 48 (Revised 2009), "Impairment of Assets," goodwill is not amortized and is subject to an annual impairment testing and whenever there is an indication that such asset may be impaired. The carrying amount of our goodwill as of December 31, 2013 was US\$21.7 million. See Note 16 to our consolidated financial statements included elsewhere in this Offering Circular.

Financial Assets and Liabilities

We classify our financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Our management determines the classification of our financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

We determine the classification of our financial liabilities at initial recognition. Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, inclusive of directly attributable transaction costs. We classify our financial liabilities in two categories: (a) financial liabilities at fair value through profit or loss and (b) financial liabilities measured at amortized cost. Financial liabilities are derecognized when the obligations under the contract are discharged or cancelled or expired.

When the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the option pricing model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Such judgment takes into consideration inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Fixed Assets

We estimate the useful lives of our fixed assets, which range from four to 20 years, 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 our 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. 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.

Exploration and Evaluation Assets

We adopt PSAK No. 64, “Activity of Exploration and Evaluation of Mineral Resources,” which prescribes that the exploration and evaluation expenses, including geological and geophysical costs, costs of drilling exploratory wells, including stratigraphic test, well drilling costs of exploration stage and other costs related to evaluating the technical feasibility and commerciality of oil and gas, are extracted separately and capitalized and presented as part of “Exploration and Evaluation Assets” in the consolidated statements of financial position.

Costs of exploration and evaluation in an area of interest are charged in the current year, although these costs can be deferred if the permission to carry out exploration and mining activities in the area of interest is current and we meet one of the following conditions:

- Exploration and evaluation activities on the financial statements date have not reached a stage where we can determine whether oil and gas will be proven and recoverable, and such activities in the related area of interest are active, significant and ongoing; or
- These costs are expected to be recouped through successful development and exploitation of the area of interest or through a sale of the area of interest.

Exploration and development costs include accumulated deferred costs associated with the general investigation, administration and licensing, and geological and geophysical costs incurred to develop a mine prior to the commencement of commercial production.

Our accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized for an area of interest where such expenditure is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of 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.

Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalized amount will be written off to the consolidated statement of comprehensive income.

Development activities commence after a project is sanctioned by the appropriate level of management. Judgment is applied by management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalized exploration and evaluation expenditure.

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 as oil and gas assets at the time the technical feasibility and commerciality of oil and gas to be extracted can be determined.

Revenue and Expense Recognition

Revenues from gas distribution and tariffs from gas transmission are recognized when the gas is distributed or transmitted to the customers based on the gas meter readings. Tariffs from gas transmission received in advance are presented as part of “Other Payables” in the consolidated statements of financial position and recognized as revenue when the gas is transmitted to the customers. Crude oil and natural gas sales revenue is recognized on the basis of the consolidated entity’s interest in a producing field (“entitlements” method), when the physical product and associated 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. Revenue earned under a production sharing contract (a “PSC”) is recognized on a net of entitlements basis according to the terms of the PSC. Revenues from other services are recognized when the services are rendered or significantly provided and the benefits have been received by the customers.

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter year, where appropriate, to the net carrying amount of the financial asset or liability. Expenses are recognized as incurred on an accrual basis.

Employee Benefits

We adopt PSAK No. 24 (Revised 2010), “Employee Benefits,” which permits us to adopt any systematic method that results in faster recognition of actuarial gains and losses, which among others is immediate recognition of actuarial gains and losses in the year in which they occur recognized in other comprehensive income. We decided to apply this method in recognizing the actuarial gains and losses and therefore, the initial adoption of PSAK No. 24 has a significant impact on our consolidated financial statements.

On initial adoption, in accordance with transitional provisions of PSAK No. 24, the balance of unrecognized actuarial gains/losses amounting to US\$47.2 million was recognized in other components of equity in the consolidated statement of financial position as of January 1, 2012.

For defined contribution pension plans, contribution payables are charged to current year operations. Under PSAK No. 24, the cost of providing defined benefit post-retirement employee benefits is determined using the projected unit credit actuarial valuation method and the actuarial gains and losses are recognized in the year in which they occur in other comprehensive income. Past service costs arising from the introduction of a defined benefit plan or changes in the benefits payable of an existing plan are required to be amortized over the year until the benefits concerned become rights or vested. The cost of providing other long-term employee benefits is determined using the projected unit credit actuarial valuation method wherein actuarial gains and losses and past service costs are recognized immediately in the current year.

The cost of defined benefit pension plans and other long-term employees’ benefits and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which includes the determination of the discount rate, future salary increases, mortality rates, employee turn-over rate, disability rate, and the expected rate of return on plan assets. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at financial year-end.

In determining the appropriate discount rate, our management considers the market yields (at year-end) on Indonesian Rupiah Government bonds. We use a single discount rate for each entity within our company that reflects the estimated average timing of benefit payments and the currency in which the benefits are to be paid. The mortality rate is based on publicly available mortality tables. Future salary increases are based on our long-term business plan, which is also influenced by expected future inflation rates for the country.

While we believe that our assumptions are reasonable and appropriate, significant differences in our actual experiences or significant changes in our assumptions may materially affect our estimated liabilities for pension and employees' benefits and net employees' benefits expense.

Income Tax

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. In determining the amount to be recognized in respect of an uncertain tax liability, we apply similar considerations as would be used in determining the amount of a provision to be recognized in accordance with PSAK No. 57, "Provisions, Contingent Liabilities and Contingent Asset." We make an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognized tax benefit should be recognized.

We recognize liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due. Current income tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as the reporting dates.

Deferred tax is measured using the liability method measuring temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable income will be available in future years against which the deductible temporary differences and unused tax losses can be utilized. Deferred tax assets are recognized for all deductible temporary differences and carry forwards of unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carry forwards of unused tax losses can be utilized.

Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Principal Components of Income Statement Items

Set forth below is a description of the key line items of our consolidated statement of comprehensive income.

Net Revenues

Our net revenues comprise revenue from our distribution of natural gas, transmission of natural gas, upstream oil and gas, leasing of fiber optic capacity and construction and maintenance services and take into account adjustments pertaining to post-invoice corrections. These corrections reflect changes which we agree with customers, after they have been invoiced, to the volume of natural gas consumption for which they have been billed in any billing period. These corrections may be made if the customer disagrees with the metered volume of gas or the calorific value used to convert the volume expressed in cubic meters to MMBtu for the purpose of invoicing such customer.

Our main sources of revenue are our distribution and transmission businesses, which include both tariff-regulated and unregulated gas activities as well as regulated and unregulated customers pursuant to applicable Indonesian laws and regulations. See “Regulatory Overview of Oil and Gas Activities in Indonesia.”

The revenue generated by our distribution business is principally determined by the quantity of natural gas we distribute, the sales price at which we sell that natural gas, the tariffs we charge for the transportation of that natural gas through our gas pipeline networks and other related internal costs. We sell natural gas to our customers under gas sales and purchase agreements, which are settled on a business-by-business basis. Sales prices are determined based on a number of factors, including the price of natural gas charged by our suppliers, transportation costs of natural gas, customer purchasing power, and prices of available substitute fuels. Prices applied to residential customers are regulated and determined by BPH Migas. The price for the sale of our natural gas is based on the calories of natural gas delivered, which accounts for the temperature and thus the density of the natural gas being transported through our pipelines. Our prices to residential customers, and our pass-through prices for transportation and related internal costs to our industrial and commercial customers, are denominated in Rupiah, and, therefore, we are exposed to the fluctuations in the Rupiah to U.S. Dollar exchange rate (our presentation currency). See “Business — Distribution Customers” for a description of our gas purchase agreements with our customers.

Our transmission revenue also depends substantially on the level of the tariff which is set by BPH Migas and the volume of gas we transport. Revenues generated by our transmission business are denominated in U.S. Dollar.

Revenue from gas distribution and tariffs from gas transmission are recognized when natural gas is distributed or transmitted to the users based on gas meter readings. If a customer has not reached its minimum purchase level, a minimum payment for the gas distributed is recognized as revenue and we have no obligation to deliver the difference between the amount of gas paid for by the customer and the amount of gas actually distributed.

The table below presents a breakdown of revenue for the periods indicated based on our main businesses and, within our distribution business, by each category of customers:

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Distribution			
Industrial	2,687.6	2,310.2	2,000.1
Commercial	75.1	50.5	38.5
Residential	5.4	5.5	6.0
Others (SPBG)	1.6	3.7	1.3
Total gas distribution — net of sales adjustments.	<u>2,769.7</u>	<u>2,369.9</u>	<u>2,045.9</u>
Transmission	180.2	200.0	174.9
Oil and gas sales — net.	34.8	—	—
Fiber optic rental.	10.3	9.8	9.4
Others	6.4	0.5	0.2
Total	<u><u>3,001.5</u></u>	<u><u>2,580.2</u></u>	<u><u>2,230.4</u></u>

The table below shows our sales volume and average sales prices for the periods shown.

	Year ended December 31,		
	2013	2012	2011
Average Sales Price (US\$/Mscf):			
Distribution	9.21	8.04	7.05
Transmission	0.58	0.62	0.57
Sales volume (MMscfd):			
Distribution	823.8	807.2	795.3
Transmission	854.2	877.0	845.5
Total	<u>1,678.0</u>	<u>1,684.1</u>	<u>1,640.8</u>

In the years ended December 31, 2011, 2012 and 2013, PLN represented 15.0%, 15.5%, and 19.2% of our net revenues, respectively. In the aggregate, net revenue generated by our sales to Government-related entities amounted to 23.5%, 23.8% and 26.5% of our net revenues in the years ended December 31, 2011, 2012 and 2013, respectively.

Cost of Revenues

Cost of revenues primarily comprises the purchase price of natural gas we source from our suppliers and costs associated with the transportation of natural gas to our customers. Our cost of revenues is substantially impacted by the sales price and the quantity of natural gas we purchase to sell to our industrial customers, which is denominated in U.S. Dollar. See “Business — Natural Gas Supply” for a description of our gas sales and purchase agreements with our suppliers.

Cost of revenues generated by our new upstream businesses relates to expenses associated with our day-to-day operations of these businesses, which consist of any cost directly related to production and lifting of oil & gas, primarily including salaries, wages and employees benefits, material and supplies and contract charges. These costs are mainly affected by the level of production, field operations overhead, operation and maintenance costs, operations support and pipeline fees and are generally denominated in U.S. Dollar.

The table below presents a breakdown of our cost of revenues by type for the periods indicated:

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
ConocoPhillips	722.0	392.2	287.9
Pertamina	413.3	331.8	286.0
Others	429.9	383.9	314.5
Cost of revenues — gas distribution	<u>1,565.1</u>	<u>1,107.8</u>	<u>888.5</u>
Production and lifting cost	11.0	—	—
Depreciation, depletion and amortization	7.4	—	—
Oil and gas operating expense	18.4	—	—
Total	<u>1,583.5</u>	<u>1,107.8</u>	<u>888.5</u>

Our top five suppliers, including ConocoPhillips, Medco E&P, PT Nusantara Regas (“Nusantara Regas”), Pertamina and Santos accounted for 88.8% of our cost of revenues in the year ended December 31, 2013. Natural gas supply sourced from Government-related entities represented 151.2 MMscfd, or 26.1% of our cost of revenues, in the year ended December 31, 2013. For additional information on our main suppliers and related risk factors, please see “Risk Factors — Risks Relating to our Business — We may not be able to secure additional supplies of natural gas to meet expected demand” and “Risk Factors — Risks Relating to our Business — We depend on natural gas sale and purchase agreements that must be renewed or extended periodically.”

Distribution and transmission expense

Our distribution and transmission expenses primarily comprise depreciation relating to our fixed assets (a majority of which are our pipelines), salaries and employee benefits, professional fees (which include consultant, audit and legal fees), repairs and maintenance, and the BPH Migas levy.

The table below includes the details of our distribution and transmission expenses for the periods indicated.

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Depreciation ⁽¹⁾	169.4	174.8	181.1
Salaries and employees’ benefits	38.4	41.4	45.3
Professional fees	23.0	5.9	8.3
Repairs and maintenance	20.5	16.5	13.4
BPH Migas levy	13.0	11.3	9.3
Others ⁽²⁾	28.3	19.9	22.8
Total	<u>292.6</u>	<u>269.9</u>	<u>280.2</u>

Notes:

- (1) Includes mostly depreciation of our pipeline assets, as well as a small portion related to assets used by distribution and transmission personnel.
- (2) “Others” primarily include expenses relating to fuel and chemicals, tools and spare parts, insurance, traveling and transportation, rental, representation and entertainment expenses (which include corporate sponsorships and donations).

Except for our depreciation expense, most of our distribution and transmission expenses are denominated in Rupiah.

General and administrative expense

Our general and administrative expenses comprise salaries and employee benefits, professional fees (which include consultant, audit and legal fees), depreciation relating to our fixed assets (a majority of which are buildings) and rental fees.

The table below includes the details of our general and administrative expenses for the periods indicated.

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Salaries and employees' benefits	83.7	83.1	82.9
Professional fees	31.0	42.1	24.8
Depreciation ⁽¹⁾	16.2	14.6	11.7
Rental	16.0	16.4	14.0
Promotion	12.3	4.8	4.6
Corporate social responsibility and community development ⁽²⁾	8.0	0.7	0.9
Others ⁽³⁾	49.3	42.6	39.4
Total	<u>216.6</u>	<u>204.4</u>	<u>178.3</u>

Notes:

- (1) Includes depreciation related to our office real estate assets and other company assets not used in direct connection with our distribution and transmission businesses.
- (2) See Note 36 to our consolidated financial statements included elsewhere in this Offering Circular.
- (3) "Others" primarily include expenses relating to traveling and transportation, repairs and maintenance, education and training, representation and entertainment (which include corporate sponsorships and donations), tools and spare parts, taxes and licenses.

Most of our general and administrative expenses are denominated in Rupiah.

Other income

Our other income comprises non-operational income, including penalties paid by our customers and by third parties, such as for delays in relation to contractual obligations or adjustments to our revenues from previous financial years due to increases in tariff rates that apply retroactively.

Other expenses

Our other expenses comprise non-operational expenses and corrections to our cost of natural gas sold in previous financial years due to increase in tariffs we paid that apply retroactively.

Gain/(loss) on foreign exchange

Our gain or (loss) on foreign exchange mainly results from restatements of assets and liabilities denominated in foreign currencies (especially the Japanese Yen and Rupiah) and exchange rate differences on our operational transactions denominated in foreign currencies (especially the Rupiah).

Gain on change in fair value of derivative — net

Our net gain on change in fair value of derivative comprises changes in fair value of our derivative instruments between reporting periods netted against current year realizations. Pursuant to a currency swap contract with The Royal Bank of Scotland, London Branch, we agreed (until March 15, 2019) to make semi-annual interest payments in amounts that vary from period to period depending on, among other things, the difference between a stipulated strike rate and the average U.S. Dollar/Japanese Yen spot exchange rate as computed on certain pre-determined dates and the value of the 10-year "mean" U.S. Dollar swap rate (quoted on a semi-annual 30/360 day basis versus 3-month LIBOR) over certain fixed periods (the "U.S. Dollar Swap Rate"). Our counterparty agreed to make semi-annual interest payments to us at a fixed interest rate applied to pre-determined balances for each

payment period. These payments are all to be made in Japanese Yen. In addition, we also agreed that, on certain payment dates, in case the U.S. Dollar/Japanese Yen spot exchange rate is lower than a pre-set value, we would pay additional pre-agreed amounts (stipulated in Japanese Yen) to our counterparty in U.S. Dollar. Our counterparty also agreed to pay us additional pre-agreed amounts denominated in Japanese Yen in case the U.S. Dollar/Japanese Yen spot exchange rate as computed on certain pre-determined dates is lower than the same pre-set value.

Therefore, depending, among other things, on variations of the U.S. Dollar/Japanese Yen spot exchange rate and the U.S. Dollar Swap Rate, which are beyond our control, and within certain limits as set out in this currency swap contract, we may experience a net cash outflow or a net cash inflow, and may recognize a net gain or loss on the fair value of derivative, pursuant to our contractual obligations under this currency swap contract.

This derivative instrument is intended to hedge against changes in the fair value of liabilities from the risk of a fluctuating US\$/JPY conversion rate, in connection with our long-term loan denominated in JPY obtained from Japan Bank for International Cooperation, netted against any required contractual payments made or received under this derivative instrument. Please see Note 31 to our consolidated financial statements included elsewhere in this Offering Circular for a description of these derivative instruments.

Share in profit/(loss) of associates

This line-item reflects our share of the profit or losses of our associates accounted for using the equity method.

Finance income

Our finance income comprises interest earned on time deposits, investments in bonds, current accounts and shareholder loan. Our finance income depends upon prevailing interest and rates agreed upon in our financing agreements.

The table below details the components of our finance income for the periods indicated.

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Interest on time deposits	19.8	21.8	33.2
Interest from investments in bonds.	5.0	4.3	0.4
Interest of current accounts	2.1	1.6	1.5
Interest from shareholder loan	—	0.1	—
Total	<u>26.9</u>	<u>27.8</u>	<u>35.1</u>

Finance cost

Our finance cost comprises interest paid on our indebtedness. A significant proportion of our long-term borrowings are two-step loans provided by foreign quasi-governmental institutions to the Government and then on-lent by the Government to us for the purpose of funding specific development projects.

Tax benefit/(expense)

Our tax benefit/(expense) comprises current income tax and deferred income tax for the relevant period. Current income tax assets and liabilities for the current and prior year are measured at the

amount expected to be recovered from or paid to the tax authority and deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. See “Taxation.”

Results of Operations

The following table sets out certain income and expense items from our financial statements for the periods indicated.

	Year ended December 31,					
	2013	(%)	2012	(%)	2011	(%)
	(US\$ million, except where otherwise noted)					
Net revenues	3,001.5	100.0	2,580.2	100.0	2,230.4	100.0
Cost of revenues	(1,583.5)	(52.8)	(1,107.8)	(42.9)	(888.5)	(39.8)
Gross profit	1,418.0	47.2	1,472.4	57.1	1,341.9	60.2
Distribution and transmission expense	(292.6)	(9.7)	(269.9)	(10.5)	(280.2)	(12.6)
General and administrative expense	(216.6)	(7.2)	(204.4)	(7.9)	(178.3)	(8.0)
Other income	27.0	0.9	21.4	0.8	20.9	0.9
Other expenses	(2.2)	(0.1)	(1.0)	(0.0)	(6.2)	(0.3)
Operating profit	933.7	31.1	1,018.5	39.5	898.2	40.3
Gain/(loss) on foreign exchange — net	83.9	2.8	49.8	1.9	(26.2)	(1.2)
Gain/(loss) on fair value of derivative — net	70.2	2.3	65.1	2.5	(1.3)	(0.1)
Share in profit/(loss) of the associates	32.3	1.1	8.7	0.3	(6.0)	(0.3)
Finance income	26.9	0.9	27.8	1.1	35.1	1.6
Finance costs	(21.9)	(0.7)	(21.6)	(0.8)	(27.7)	(1.2)
Profit before tax benefit/(expense)	1,125.1	37.5	1,148.3	44.5	872.0	39.1
Current tax benefit/(expense)	(226.6)	(7.5)	(238.4)	(9.2)	(178.0)	(8.0)
Deferred tax benefit/(expense)	(4.6)	(0.2)	5.3	0.2	7.9	0.4
Profit for the year	893.9	29.8	915.3	35.5	701.9	31.5

We set out below details of our average selling prices, volumes and exchange rates (exchange rates are those used for the purpose of preparing our financial statements) for each of the periods indicated in respect of our distribution and transmission businesses.

	Year ended December 31,		
	2013	2012	2011
Distribution:			
Revenue (US\$ million)	2,769.7	2,369.9	2,045.9
Cost of gas sold (US\$ million)	(1,565.1)	(1,107.8)	(888.5)
Gross profit (US\$ million)	1,204.6	1,262.1	1,157.4
Average daily volume sold (MMscfd)	823.8	807.1	795.3
<i>Realized average sales price⁽¹⁾:</i>			
US\$ per MMBtu	9.21	8.04	7.05
<i>Realized average cost of gas⁽²⁾:</i>			
US\$ per MMBtu	5.21	3.76	3.06
Transmission:			
Revenue (US\$ million)	180.2	200.0	174.9
Volume transported (MMscfd)	854.2	877.0	845.5
<i>Realized average tariff⁽³⁾:</i>			
US\$ per MMscfd	0.58	0.62	0.57

Notes:

- (1) For each of the periods presented in this table, the realized average sales price equals revenue generated by our distribution activities divided by average daily volume sold multiplied by 365.
- (2) For each of the periods presented in this table, the realized average cost of gas equals cost of gas sold divided by average daily volume sold multiplied by 365.
- (3) For each of the periods presented in this table, the realized average tariff equals revenue generated by our transmission activities divided by volume transported multiplied by 365.

2013 Compared to 2012

Net Revenues

Net revenues increased by US\$421.3 million, or 16.3%, from US\$2,580.2 million in 2012 to US\$3,001.5 million in 2013. This increase primarily reflected increases in revenues generated by our distribution business and our new upstream oil and gas business in 2013, which were partially offset by a decrease in revenues from our gas transmission business.

Gas distribution

Our sales of natural gas increased by US\$399.8 million, or 16.9%, from US\$2,369.9 million in 2012 to US\$2,769.7 million in 2013. This increase primarily reflected a US\$377.4 million, or 16.3% increase in sales to our industrial customers and a US\$24.6 million, or 48.7%, increase in sales to our commercial customers, which were primarily due to a 14.5% increase in the average realized price charged to our customers.

This increase in the average realized selling price of US\$1.17 per MMBtu, or 14.5%, from US\$8.04 per MMBtu in 2012 to US\$9.21 per MMBtu in 2013, primarily correlated with the increase in natural gas selling prices charged by upstream suppliers, which we successfully passed onto our distribution customers, as described below. This increase was partially offset by the decreased application of the premium price mechanism in 2013 as compared to 2012. In 2012, the supply of natural gas was generally insufficient to meet demand. To maintain reliability along our pipeline, we

allocated our gas to each customer, with a premium price imposed on customers who exceeded their allotment. This situation reversed itself in 2013 as available supply volumes increased and volumes of regasified LNG became available. As the supply of gas increased, allocations were removed, eliminating exceptional revenues corresponding to payment of the set premium price.

In 2013, ConocoPhillips (Grissik) Ltd. and Pertamina increased their natural gas selling prices charged to us in South Sumatra. In April 2013, ConocoPhillips (Grissik) Ltd. raised its natural gas selling price from US\$4.36 per MMBtu to US\$5.44 per MMBtu and Pertamina raised its price from US\$4.42 per MMBtu to US\$5.33 per MMBtu. Following these increases, we increased our selling prices of natural gas to our customers in West Java in April 2013 from US\$6.71 per MMBtu to US\$7.56 per MMBtu (excluding any gas tariff component denominated in Rupiah).

The price of natural gas charged to our industrial customers comprises two components. The first component, or the service charge, is denominated in Rupiah and represents the price we charge for distributing the natural gas delivered to our industrial customers. The second component, or commodity charge, relates to the price of the natural gas delivered to our industrial customers. This commodity charge is denominated in U.S. Dollar, which is also the presentation currency of our financial statements. Thus when the Rupiah depreciates against the U.S. Dollar, the value of our revenues denominated in Rupiah, when converted into U.S. Dollar, for the purpose of preparing our financial statements, is lower. In 2013, this foreign exchange rate factor negatively impacted our revenues as the Rupiah depreciated against the U.S. Dollar from Rp.9,670 per U.S. Dollar in 2012 to Rp.12,189 per U.S. Dollar at the end of 2013.

In addition to the increase in our average selling prices described above, our sales volumes to our industrial customers and commercial customers increased in 2013. This increase in volumes was partially offset by a decrease in volumes sold to gas fueling stations and our residential customers.

Gas transmission

Transmission revenues decreased by US\$19.8 million, or 9.9%, from US\$200.0 million in 2012 to US\$180.2 million in 2013. This decrease was primarily due to a 2.6% decrease in volumes transported through our transmission pipelines, which was caused by a decrease in several off-takers' volume requirements in 2013. Total transmission volume decreased 22.86 MMscfd from 877.0 MMscfd in 2012 to 854.15 MMscfd in 2013. In 2013, Transgasindo changed its toll fee rate from US\$0.64 per Mscf to US\$0.44 per Mscf for the Grissik-Duri pipeline and increased its toll fee rate from US\$0.69 per Mscf to US\$0.74 per Mscf for the Grissik-Singapore pipeline. Over the same period, volumes transported by Transgasindo represented 95.9% of our total transmission volumes in 2013.

Oil and Gas

Revenues from our upstream business activities was US\$34.8 million in 2013 as a result of our entering into the oil and gas upstream businesses and our investment in the Ujung Pangkah block through Saka in July 2013. The Ujung Pangkah block has been producing since 2007.

Other Businesses

Revenues from our other businesses increased by US\$6.4 million, or 62.1%, from US\$10.3 million in 2012 to US\$16.7 million in 2013. This increase was primarily due to an increase in revenue from leasing fiber optics that reflected an increased utilization of our fiber optic network by existing customers and the acquisition of new customers. Increased revenues from engineering, construction, operation and maintenance services also contributed to the overall increase in revenues generated by our other businesses.

Cost of Revenues

Our cost of revenues increased US\$475.7 million, or 42.9%, from US\$1,107.8 million in 2012 to US\$1,583.5 million in 2013. This increase primarily reflected higher natural gas selling prices for natural gas we purchased from our main suppliers, including Pertamina and ConocoPhillips (Grissik) Ltd.

Our oil and gas upstream businesses incurred costs in 2013 in the amount of US\$18.4 million corresponding to costs incurred in connection with our exploration and production activities initiated in 2013.

Gross profit

As a result of the foregoing, our gross profit decreased by US\$54.4 million, or 3.7%, from US\$1,472.4 million in 2012 to US\$1,418.0 million in 2013.

Distribution and transmission expense

Our distribution and transmission expense increased by US\$22.7 million, or 8.4%, from US\$269.9 million in 2012 to US\$292.6 million in 2013, primarily due to a US\$17.1 million increase in professional fees charged by our subsidiary PT PGAS Solutions (“PGASSOL”) in relation to services provided as a consultant and a US\$4.0 million increase (or 24.2%) in repairs and maintenance costs, mostly due to the maintenance of our gas pipelines.

General and administrative expense

Our general and administrative expense increased by US\$12.2 million, or 6.0%, from US\$204.4 million in 2012 to US\$216.6 million in 2013. This increase was mainly due to a rise in promotional expenses described below, which increased by US\$7.5 million or 156.3%, from US\$4.8 million in 2012 to US\$12.3 million in 2013, and an increase in the cost of social responsibility and environmental development by US\$7.3 million or 1,042.9%, from US\$0.7 million in 2012 to US\$8.0 million in 2013. These increases were partially offset by a decrease in professional fees of US\$11.1 million, or 26.4%, from US\$42.1 million in 2012 to US\$31.0 million in 2013, which was primarily due to a decrease in professional fees paid to third parties in 2013.

The increase in promotional expenses in 2013 related to a branding and awareness campaign designed to raise public awareness of our company and the services and products we offer. Social responsibility and community development programs were charged as an expense for the first time in 2013, in accordance with the decision of the annual general meeting of shareholders held on April 17, 2013.

Other income

Our other income increased US\$5.6 million, or 26.2%, from US\$21.4 million in 2012 to US\$27.0 million in 2013. This increase was mainly due to the correction of tariff rates for the period 2010-2012, which amounted to US\$13.8 million. This correction reflected BPH Migas’s decision dated June 11, 2013 to retroactively increase the tariff rate charged for transporting natural gas through the Grissik-Singapore pipeline from US\$0.69/Mscf to US\$0.74/Mscf.

Other expenses

Our other expenses increased by US\$1.2 million or 120.0%, from US\$1.0 million in 2012 to US\$2.2 million in 2013. This increase was mainly due to the correction of toll fees charged by Pertamina in the amount of US\$0.6 million, which should have been collected since 2011.

Operating profit

As a result of the foregoing, our operating profit decreased by US\$84.8 million, or 8.3%, from US\$1,018.5 million in 2012 to US\$933.7 million in 2013.

Gain on foreign exchange

Our net gain on foreign exchange increased by US\$34.1 million, or 68.5%, from a net gain of US\$49.8 million in 2012 to a net gain of US\$83.9 million in 2013. This increase in 2013 was due to the strengthening of the U.S. Dollar against foreign currencies, especially the Japanese Yen and the Rupiah.

Gain on change in fair value of derivative — net

Our net gain on fair value of derivative increased by US\$5.1 million, or 7.8%, from a net gain of US\$65.1 million in 2012 to a net gain of US\$70.2 million in 2013. This increase in 2013 was due to the depreciation of the Japanese Yen against the U.S. Dollar.

Share in profit of the associates

Our share in the profit of our associates increased by US\$23.6 million, or 271.3%, from US\$8.7 million in 2012 to US\$32.3 million in 2013. This increase was mainly due to improved results of our associate, Nusantara Regas, which only started operations during the year 2012 and was in full operation in 2013.

Finance income

Our finance income decreased by US\$0.9 million, or 3.2%, from US\$27.8 million in 2012 to US\$26.9 million in 2013. This decrease was mainly due to a decrease in interest earned on time deposits of US\$2.0 million, or 9.2%, from US\$21.8 million in 2012 to US\$19.8 million in 2013, which reflected a decrease in our cash and cash equivalent balances during the period from January to November 2013, which was partially offset by an increase in interest earned from investments in bonds of US\$0.7 million, or 16.3%, from US\$4.3 million in 2012 to US\$5.0 million in 2013.

Finance cost

Our finance cost slightly increased by US\$0.3 million, or 1.4%, from US\$21.6 million in 2012 to US\$21.9 million in 2013. The increase was mainly due to an interest expense of US\$0.2 million paid to PT Bank Sumitomo Mitsui in connection with the carrying amount of a loan.

Profit before tax expense

As a result of the foregoing, our income before tax expense decreased by US\$23.2 million, or 2.0%, from US\$1,148.3 million in 2012 to US\$1,125.1 million in 2013.

Tax expense

Our tax expense decreased by US\$1.9 million, or 0.8%, from US\$233.1 million in 2012 to US\$231.2 million in 2013. This decrease was mainly due to the decrease in taxable profit in 2013.

2012 Compared to 2011

Net Revenues

Our net revenue increased by US\$349.8 million, or 15.7%, from US\$2,230.4 million in 2011 to US\$2,580.2 million in 2012. This increase primarily reflected increases in revenues generated by our distribution business and our transmission business.

Gas distribution

Our sales of natural gas increased by US\$324.0 million, or 15.8%, from US\$2,045.9 million in 2011 to US\$2,369.9 million in 2012. This increase primarily reflected a US\$310.1 million, or 15.5%, increase in sales to industrial customers and a US\$12.0 million, or 31.2%, increase in sales to commercial customers. These increases were primarily due to an 11.9 MMscfd, or 1.5%, rise in sales volume distributed to our customers from 795.3 MMscfd in 2011 to 807.2 MMscfd in 2012, and a 23.0% increase in the average realized price charged to our distribution customers that positively impacted our sales revenue in the last quarter of 2012.

The increase in the average realized selling price primarily reflected a price adjustment in order for us to pass onto our distribution customers an increase in natural gas selling prices charged by our upstream suppliers. In 2012, ConocoPhillips (Grissik) Ltd. and Pertamina increased their gas selling prices charged to us in South Sumatra. In September 2012, ConocoPhillips (Grissik) Ltd. raised its gas selling price from US\$1.85/MMBtu to US\$4.36/MMBtu and Pertamina raised its price from US\$2.2/MMBtu to US\$4.42/MMBtu. Following these increases, we increased our selling prices of natural gas to our customers in West Java in September 2012 from US\$4.3/MMBtu to US\$6.71/MMBtu (excluding any gas tariff component denominated in Rupiah).

In addition to the increase in our average selling prices described above, our sales volumes to our industrial customers and commercial customers increased in 2012.

Gas transmission

Revenue generated from our gas transmission business increased by US\$25.1 million, or 14.4%, from US\$174.9 million in 2011 to US\$200.0 million in 2012. This was due to increased transmission volumes, which grew by 32 MMscfd, or 3.8%, from 845 MMscfd in 2011 to 877 MMscfd in 2012, primarily as a result of increased volumes of natural gas transported through our Grissik-Singapore and Grissik-Duri transmission pipelines and additional volumes transported by Transgasindo pursuant to our gas swap agreement entered into in December 2011 with PT Pertamina Hulu Energi Jambi Merang, Talisman (Jambi Merang) Limited, Pacific Oil and Gas (Jambi Merang) Ltd., ConocoPhillips (Grissik) Ltd., PLN, us and Transgasindo.

Oil and Gas

We did not have any revenues generated by oil and gas upstream activities in 2012 as we did not carry out upstream activities until 2013.

Other Businesses

Revenues from our other businesses increased by US\$0.7 million, or 7.3%, from US\$9.6 million in 2011 to US\$10.3 million in 2012. This resulted primarily from increases in revenues from the lease of our fiber optic capacity, driven by increasing fiber optic network use by our existing customers and an increasing number of new customers. Increased revenues from engineering, construction, operation and maintenance services also explained the overall increase in revenues generated by our other businesses.

Cost of Revenues

Our cost of revenues increased by US\$219.3 million, or 24.7%, from US\$888.5 million in 2011 to US\$1,107.8 million in 2012 primarily due to higher natural gas selling prices for natural gas we purchased from our main suppliers, including Pertamina and ConocoPhillips (Grissik) Ltd. In 2012, our average purchase price increased by 22.9%, from US\$3.06 per MMBtu to US\$3.76 per MMBtu.

Gross Profit

As a result of the foregoing, our gross profit increased by US\$130.5 million, or 9.7%, from US\$1,341.9 million in 2011 to US\$1,472.4 million in 2012.

Distribution and transmission expense

Our distribution and transmission expenses decreased by US\$10.3 million, or 3.7%, from US\$280.2 million in 2011 to US\$269.9 million in 2012. This decrease was primarily due to a decrease in depreciation expenses of US\$6.3 million, or 3.5%, and a decrease in salaries, wages and employee benefits of US\$3.9 million, or 8.6%. The decrease in depreciation expenses resulted from the adoption of the double-declining balance method that resulted in declining depreciation costs each financial year. Please see Note 2 to our consolidated financial statements included elsewhere in this Offering Circular for a discussion of our significant accounting policies, including those relating to depreciation of fixed assets. The decrease in salaries, wages and employee benefits expressed in U.S. Dollar primarily resulted from the decrease in our pension expense over the same period.

General and administrative expense

Our general and administrative expenses increased by US\$26.1 million, or 14.6%, from US\$178.3 million in 2011 to US\$204.4 million in 2012. This increase was primarily due to an increase in professional fees of US\$17.3 million, or 69.8%, an increase in our depreciation expenses of US\$2.9 million, or 24.8%, and an increase in our rental expense of US\$2.4 million, or 17.1%. The increase in professional fees was primarily due to charges for the use of third-party professional services related to construction projects and the increase in rental expenses primarily related to the fiber optic back up network for PT PGAS Telekomunikasi Nusantara (“PGASKOM”) that we rented in 2012 and that we did not rent in 2013.

Other income

Our other income increased by US\$0.5 million, or 2.4%, from US\$20.9 million in 2011 to US\$21.4 million in 2012. This increase was mainly due to penalties charged to contractors due to delays in complying with their contractual obligations in connection with certain of our projects and penalties charged to certain of our customers.

Other expenses

Our other expenses decreased by US\$5.2 million, or 83.9%, from US\$6.2 million in 2011 to US\$1.0 million in 2012. This decrease was primarily due to a correction to our revenues recorded in 2010, which was expensed in 2011 and therefore increased our “other expenses” in 2011.

Operating Profit

As a result of the foregoing, our operating profit increased by US\$120.3 million, or 13.4%, from US\$898.2 million in 2011 to US\$1,018.5 million in 2012.

Gain on Foreign Exchange

Our net gain on foreign exchange was US\$49.8 million in 2012 compared to a net loss of US\$26.2 million in 2011. This reversal was primarily due to the strengthening of the U.S. Dollar against foreign currencies, especially the Japanese Yen which decreased the net foreign currency denominated liabilities of the Company.

Gain on Change in Fair Value of Derivative — net

Our net gain on the change in fair value of derivative was US\$65.1 million in 2012 compared to a net loss of US\$1.3 million in 2011. This gain in 2012 was mainly due to the depreciation of the Japanese Yen against the U.S. Dollar.

Share in Profit of the Associates

Our share in profit of the associates represented a net gain of US\$8.7 million in 2012 compared to a net loss of US\$6.0 million in 2011. This change was due primarily to our associate Nusantara Regas commencing commercial operations in 2012.

Finance Income

Our finance income decreased by US\$7.3 million, or 20.8%, from US\$35.1 million in 2011 to US\$27.8 million in 2012. This was mainly due to a decrease in interest earned on time deposits of US\$11.4 million, partially offset by an increase in interest earned from investments in bonds of US\$3.9 million.

Finance Cost

Our finance cost decreased by US\$6.1 million, or 22.0%, to US\$21.6 million in 2012 from US\$27.7 million in 2011. This was mainly due to a decrease in the outstanding balances of our interest bearing borrowings.

Profit before Tax Benefit/(Expense)

As a result of the foregoing, our income before tax expense (benefit) increased by US\$276.3 million, or 31.7%, from US\$872.0 million in 2011 to US\$1,148.3 million in 2012.

Tax Expense (Benefit)

Our tax expense increased by US\$63.0 million, or 37.0%, from US\$170.1 million in 2011 to US\$233.1 million in 2012, reflecting the increase in our profit before tax.

Liquidity and Capital Resources

Our principal sources of funds during the three-year period ended December 31, 2013 have been cash flows generated from our operating activities (primarily business activities through natural gas distribution and transmission), and bank borrowings (primarily long-term funding arrangements with the Government and foreign quasi-governmental institutions). Our principal uses of funds during the three-year period ended December 31, 2013 have been purchases of natural gas, operation, maintenance and administration expenses, capital expenditures relating to expansion projects, and payment of salaries. We manage our cash balances prudently so that we maintain adequate cash balances to cover our operating expenses. Further, we maintain our surplus cash in time deposits or invested in bonds of issuers that we believe have a low risk profile.

Cash Flows

We need cash primarily to fund our purchases of natural gas in connection with our downstream businesses, operating expenses, and capital expenditures relating to our downstream businesses and upstream oil and gas businesses expansion projects.

The following table sets forth a condensed summary of our consolidated statements of cash flows for the financial years indicated.

	Year Ended December 31,		
	2013	2012	2011
	(US\$ million)		
Net cash provided by operating activities	828.9	1,166.4	947.3
Net cash used in investing activities	(666.5)	(250.3)	(111.3)
Net cash used in financing activities	(330.7)	(460.3)	(897.8)
Net effects of foreign exchange differences from cash and cash equivalents	(79.9)	(29.8)	(27.6)
Cash and cash equivalents at beginning of year	1,567.5	1,141.4	1,230.7
Net increase/(decrease) in cash and cash equivalents	(248.3)	426.1	(89.4)
Cash and cash equivalents at end of year	<u>1,319.2</u>	<u>1,567.5</u>	<u>1,141.4</u>

Cash Flows From Operating Activities

Our net cash generated from operating activities in 2013 was US\$828.9 million and primarily resulted from payments from customers of US\$2,954.3 million in connection with our natural gas distribution and transmission services. This cash inflow was partially offset by payments to suppliers of US\$1,537.2 million, payment of corporate income taxes of US\$330.4 million and payments for operating expenses and other operating activities of US\$211.8 million. The total cash inflow from operating activities decreased by 28.9% in 2013 mainly due to a US\$580.0 million increase in payments to our suppliers which was primarily due to an increase in the purchase price of natural gas from ConocoPhillips (Grissik) Ltd. and Pertamina, only partially offset by a US\$368.4 million increase in payments from customers.

Our net cash generated from operating activities in 2012 was US\$1,166.4 million and resulted primarily from payments from customers of US\$2,585.9 million in connection with our natural gas distribution and transmission services. This cash inflow was partially offset by payments to suppliers of US\$957.3 million, payment of income taxes of US\$221.1 million, and payments for operating expenses and other operating activities of US\$187.8 million. The total cash inflow from operating activities increased by 23.1% in 2012 mainly due to a US\$364.3 million increase in payments received from our customers that reflected increased natural gas volumes sold and increased average realized selling prices; this increase was only partially offset by a US\$78.4 million increase in payments made to our suppliers, which was primarily due to an increase in the purchase price of natural gas from ConocoPhillips (Grissik) Ltd. and Pertamina. In addition, cash outflows relating to the payment of income taxes decreased by 9.1% in 2012, primarily due to an overpayment of a total tax installment in 2011 and an underpayment of a total tax installment in 2012. Such overpayment or underpayment related to discrepancies between our estimated taxable revenues and actual taxable revenues as our tax installments are prepaid and computed on the basis of our estimated taxable revenues, in each fiscal year.

Our net cash generated from operating activities in 2011 of US\$947.3 million resulted primarily from payments from customers of US\$2,221.7 million in connection with our natural gas distribution and transmission services. This cash inflow was partially offset by payments to suppliers of US\$878.9 million, payment of corporate income taxes (net of receipts from claims for tax refunds) of US\$243.3 million, payments for operating expenses and other operating activities of US\$112.8 million, and payment to employees of US\$59.5 million.

Cash Flows Used in Investing Activities

Our net cash used in investing activities was US\$666.5 million in 2013 and primarily resulted from the acquisition by our subsidiary Saka of a 100% equity stake in Kufpec Indonesia (Pangkah)

B.V. in June 2013 for a total consideration of US\$259.9 million (representing a 25% participating interest in the Ujung Pangkah block), fixed assets related to distribution and LNG projects in the amount of US\$206.8 million, oil and gas assets of US\$110.6 million and investments in oil and gas operations of US\$103.3 million. These acquisitions and investments related to the expansion of our oil and gas upstream businesses.

Our net cash used in investing activities was US\$250.3 million in 2012 and primarily related to investment in fixed assets related to distribution and LNG projects in the amount of US\$159.3 million and new short-term investments in debt securities of Pertamina, INDON, the Export Financing Institution of Indonesia and State Shariah Securities in the aggregate amount of US\$73.8 million. These investments caused a US\$139.0 million increase in cash used in investment activities in 2012 compared with 2011.

Our net cash used in investing activities was US\$111.3 million in 2011 and primarily reflected investments in fixed assets of US\$78.2 million and a US\$24.2 million investment in shares of stock of Nusantara Regas, which is engaged in the management and development of our FSRUs.

Cash Flows Used in Financing Activities

Our net cash used in financing activities was US\$330.7 million in 2013 and primarily reflected the payments of dividends of US\$510.6 million and the repayment of loans of US\$115.1 million, which were partially offset by receipts from short-term bank loan borrowings in the aggregate amount of US\$300.0 million. Payments made under our derivative instruments amounted to US\$5.0 million in 2013. Our cash used in financing activities decreased by 28.2% compared to cash used in financing activities in 2012.

Our net cash used in financing activities was US\$460.3 million in 2012 and primarily reflected the payment of dividends of US\$327.7 million and the repayment of loans of US\$81.3 million. No interim dividend was paid in 2012. Payments made under our derivative instruments amounted to US\$26.1 million in 2012. Cash used in financing activities fell 48.7% in 2012 compared to 2011.

Our net cash used in financing activities was US\$897.8 million in 2011 and primarily reflected the payment of dividends of US\$450.1 million, repayments of loans of US\$416.5 million and payments for partnerships and community development programs of US\$29.2 million. Payments made under our derivative instruments amounted to US\$2.3 million in 2011.

Loans and Borrowings

Our total consolidated loans outstanding as of December 31, 2013, 2012 and 2011, were as follows.

	As of December 31,		
	2013	2012	2011
	(US\$ million)		
Short-term loans	300.0	—	—
Long-term loans	726.0	938.6	1,092.2
Total loans	<u>1,026.0</u>	<u>938.6</u>	<u>1,092.2</u>

A significant proportion of our long-term borrowings are loans provided by foreign quasi-governmental institutions to the Government and then on-lent by the Government to us for the purpose of funding a specific development project. As of December 31, 2013, the long-term portion of such borrowings was US\$559.3 million. While no collateral is required as part of the agreements between the Government and such lenders or in the related loan agreements between the Government and ourselves, a number of these facilities do include financial and other restrictive covenants as summarized below.

The following table sets out a summary of our long-term loan facilities sourced from foreign quasi-governmental institutions.

<u>Lender</u>	<u>Purpose</u>	<u>Amount of Facility as of December 31, 2013</u>	<u>Amount Outstanding as of December 31, 2013</u>
Japan Bank for International Cooperation	the development of a gas transmission pipeline from South Sumatra to West Java and a distribution pipeline in West Java	JPY49.1 billion	US\$447.4 million
	transmission and distribution project in Central Sumatra and Batam Island	US\$195.0 million	US\$11.4 million
International Bank for Reconstruction and Development	financing work for the Government's "Domestic Gas Market Development Project", preparation of a rationalized gas pricing policy, corporate restructuring, preparation for the involvement of a strategic partner in the Company's gas transmission operation	US\$69.4 million	US\$54.3 million
		US\$2.5 million	US\$0.4 million
European Investment Bank	transmission and distribution project in Central Sumatra and Batam Island	ECUS46.0 million	US\$4.2 million
	phase II of the project in Central Sumatra and Batam Island	EUR70.0 million	US\$30.9 million
Asian Development Bank	transmission and distribution project in Central Sumatra and Batam Island	US\$218.0 million	US\$10.6 million

Under the terms of certain of our loan agreements above, we are required to comply with various financial covenants.

For example, under the terms of our ECUS46.0 million loan agreement with European Investment Bank, we are required to comply with various restrictive covenants, including, but not limited to, the following:

- maintenance of debt service ratio at a minimum of 1.3 times; and
- maintenance of debt to equity ratio at a maximum of 70:30.

Under the terms of our EUR70.0 million loan agreement with the European Investment Bank, we are required to comply with various restrictive covenants, including, but not limited to maintenance of debt to equity ratio at a maximum of 2:1.

Under the terms of our US\$218.0 million loan agreement with the Asian Development Bank, we are required to comply with various restrictive covenants, including, but not limited to, limitations on obtaining loans. We must obtain prior consent from the Asian Development Bank for any loans obtained after the date of the loan agreement if such loans will cause our debt service ratio to be less than or equal to 1.3 times or the debt to equity ratio to exceed 70:30, except for loans obtained to finance the project for which the loan agreement was made.

Our funding from the Government and foreign quasi-governmental institutions has generally been provided at interest rates lower than we would otherwise be able to obtain commercially. There can be no assurance that following the Offering we will be able to source further funding from either the Government or such foreign quasi-governmental institutions on similar terms or at all. If adequate long-term funding is not available on satisfactory terms or at all, we may have to delay or abandon future capital-intensive projects. See “Risk Factors — Risks Relating to our Business — We may not be able to raise sufficient financing to expand our gas transmission and distribution networks and develop our LNG and upstream businesses.”

The following table sets out a summary of our other loan facilities not sourced from foreign quasi-governmental institutions.

<u>Lender</u>	<u>Purpose</u>	<u>Amount of Facility as of December 31, 2013</u>	<u>Amount Outstanding as of December 31, 2013</u>
PT Bank Negara Indonesia (Persero) Tbk (“BNI”)	the development of a gas transmission pipeline from South Sumatra to West Java and a distribution pipeline in West Java	US\$150.0 million	US\$75.0 million
PT Bank Sumitomo Mitsui Indonesia (“Sumitomo”)	general corporate purposes	US\$100.0 million	US\$100.0 million
Bank of Tokyo-Mitsubishi UFJ, Ltd (“BTMU”)	general corporate purposes	US\$200.0 million	US\$200.0 million

Under the terms of our BNI loan agreement above, we are required to comply with various restrictive covenants, including, but not limited to, the following:

- limitations on certain corporate actions: we must not, subject to certain exceptions, create liens on certain properties, conduct mergers, or provide any loans to other parties, without prior written notice to BNI;
- limitations on incurrence of indebtedness: we must not, subject to certain exceptions, incur new loans, without prior written notice to BNI; and
- limitations on the level of our shareholders’ equity: we must not, subject to certain exceptions, make any investment of more than 15% of our net shareholders’ equity.

BNI was notified on April 25, 2014 in relation to this issuance of Notes as required under the BNI loan agreement.

Under the terms of the BTMU loan agreement, we are required to comply with various restrictive covenants, including, but not limited to, the following:

- limitations on making a loan or obtaining a loan from any other party, except in our ordinary course of business, or making any investment or increasing the present equity participation in any other party, except to our subsidiary or affiliate company without prior written consent from BTMU;

- maintenance of gross debt to equity ratio at a maximum of 70:30; and
- maintenance of debt service coverage ratio of at least 1.3 times.

A consent letter from BTMU was obtained on April 30, 2014 in relation to this issuance of Notes as required under the BTMU loan agreement.

Under the terms of the Sumitomo loan agreement, we are required to comply with various restrictive covenants, including, but not limited to, the following:

- limitations on incurring or suffering to exist any additional indebtedness for money borrowed or credit extended (including contingent indebtedness by guarantee or otherwise) other than those incurred in the ordinary course of business, or making any loan to any person or entity (save in the ordinary course of business) or giving any guarantee to or for the benefit of any person with an amount equal to or above 20% of our equity without prior written notification to PT Bank Sumitomo Mitsui Indonesia;
- maintenance of gross debt to equity ratio at a maximum of 70:30 at any point in time; and
- maintenance of debt service coverage ratio at a minimum of 1.3 times.

Sumitomo was notified on April 25, 2014 in relation to this issuance of Notes as required under the Sumitomo loan agreement.

Transgasindo obtained a loan from The Hongkong and Shanghai Banking Corporation Ltd., Jakarta Branch on August 30, 2010, in the amount of US\$250 million due in 2015. The amount outstanding as of December 31, 2013 was US\$91.7 million (“HSBC Loan”).

Under the HSBC Loan, Transgasindo is required to comply with various restrictive covenants including, but not limited to, the following:

- limitations on mergers or changes to the nature of Transgasindo’s businesses;
- limitations on pledging or encumbering any of Transgasindo’s assets in an amount at any time exceeding US\$10 million; and
- Transgasindo must maintain its financial position such that (i) its total shareholders’ equity is not less than US\$250 million; (ii) the net debt to shareholders’ equity ratio is not greater than 2.33 times; and (iii) the net debt to EBITDA ratio is not greater than 3.5 times.

Except for new short-term loans in the aggregate amount of US\$500.0 million (as detailed below), there has not been any material change to our indebtedness or contingent liabilities since December 31, 2013. In addition, we will seek to obtain one or more long-term syndicated loans from banks in amount up to, in aggregate, US\$1.5 billion in 2014.

The table below provides details regarding the new short-term loans.

<u>Lender</u>	<u>Purpose</u>	<u>Amount of Facility</u>
The Hongkong and Shanghai Banking Corporation Ltd (“HSBC”)	funding capital expenditure, investment and corporate general purposes	US\$200.0 million
PT Bank ANZ Indonesia (“ANZ”)	general corporate purposes	US\$200.0 million
PT Bank Mizuho Indonesia (“Mizuho”)	general corporate purposes	US\$100.0 million

As of the date hereof, the credit facilities listed in the above table had been drawn down.

Under the terms of the HSBC loan agreement, we are required to comply with various restrictive covenants, including, but not limited to, the following:

- limitations on making, creating, incurring, assuming or in any manner becoming or remaining liable for any indebtedness except (i) debt made under the HSBC loan agreement, (ii) existing debts that have been advised to and identified by HSBC, (iii) debt made in the ordinary course of business including for the benefit of our subsidiaries or our affiliates or (iv) debts made for investment purposes or to increase our capital participation in one of our subsidiaries or affiliates without prior written approval from HSBC;
- we must maintain our gross debt to equity ratio at a maximum of 70:30; and
- we must maintain our debt service coverage ratio at a minimum of 1.3 times.

A consent letter from HSBC was obtained on May 5, 2014 in relation to this issuance of Notes as required under the HSBC loan agreement.

Under the terms of the ANZ loan agreement, we are required to comply with various restrictive covenants, including but not limited to, the following:

- limitations on merger, acquisition or consolidation; and
- limitations on creating or permitting to exist any mortgage, pledge, encumbrance, lien or charge upon any of our property, assets or income, whether now owned or hereafter acquired, except for operationally and/or in the ordinary course of business.

Under the terms of the Mizuho loan agreement, we are required to comply with various restrictive covenants, including, but not limited to, the following:

- limitations on changing our company's structure, formation or legal status;
- we must maintain total loan to consolidated equity ratio at a maximum of 70:30; and
- we must maintain our loan service coverage ratio at a minimum of 1.3 times.

Capital Expenditure

Our capital expenditures relate primarily to the development and expansion of our distribution and transmission businesses assets as well as the acquisition of assets for our upstream business. Our consolidated capital expenditure in 2011, 2012 and 2013 amounted to US\$102.5 million, US\$139.6 million and US\$880.7 million, respectively.

The majority of our capital expenditure during these periods related to the development of our transmission and distribution project in West Java, Lampung, Batam Island and for LNG receiving terminal facilities in Lampung. We also took a participating interest in various upstream oil and gas blocks from the development to the production stages in 2013.

The following table sets out our capital expenditure based on our main businesses for the periods indicated.

	As of December 31,		
	2013	2012	2011
	(US\$ million)		
Upstream	554.6	0.1	0.1
Distribution	44.5	52.5	31.6
Transmission	20.8	36.2	23.1
Other	260.8	50.9	47.7
Total	<u>880.7</u>	<u>139.6</u>	<u>102.5</u>

Certain limited capital expenditure incurred in 2013 in connection with the development of our LNG business were accounted for under “Distribution” in the above table.

For the years ended December 31, 2011, 2012 and 2013, our capital expenditure incurred for maintenance was US\$2.1 million, US\$nil and US\$2.1 million.

We plan to fund the capital and related expenditures described in this Offering Circular and here below principally through cash provided by operating activities, long-term loans and with a portion of the net proceeds we receive from the Offering. See “Risk Factors — Risks Relating to our Business — We may not be able to raise sufficient financing to expand our gas transmission and distribution networks and develop our LNG and upstream businesses.” The planned capital expenditures summarized below may be subject to change.

The following table sets out our planned capital expenditure in relation to our maintenance activities, upstream activities and expansion projects, for the period indicated.

	As of December 31,
	2014
	(US\$ million)
Upstream	1,510.8
Distribution	344.9
LNG	370.3
Transmission	38.8
Other	16.2
Total	<u>2,280.9</u>

While historically our dividend payout ratio has been approximately 50% of net income, we retain the flexibility to retain additional earnings if needed in the interest of our increased focus on investments in upstream ventures and our capital expenditure plans.

See “Business — Our Natural Gas Distribution Business — Plans for Distribution Network Expansion.”

Commitments and Contingencies

In addition to the payment obligations under our borrowings set forth below, in 2013, we had material commitments with a number of contractors in relation to the construction, lease, operations and maintenance of the FSRU in Lampung, which were denominated in both Rupiah and U.S. Dollar. The currency for relevant project financing is consistent with the currency used to fulfill our obligations to the contractors of the projects concerned, which are funded by our internal resources. We are also required to buy and pay for minimum purchase quantities of natural gas per year or quarter pursuant to our gas sale and purchase agreements with our suppliers of natural gas. A list of such

agreements and corresponding minimum purchase quantities can be found at Note 37(1) to our audited consolidated financial statements included elsewhere in this Offering Circular. Please refer to “—Liquidity Risk” below for additional information on the maturity profile of our financial liabilities based on our contractual undiscounted payments obligations.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements that we believe have or are reasonably likely to have a current or future material effect on our financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Inflation

According to the Central Bureau of Statistics (*Badan Pusat Statistik*) Indonesia, Indonesia’s annual overall inflation rate as measured by the consumer price index was approximately 3.8% in 2011, 4.3% in 2012 and 8.4% in 2013. Our costs and expenses are generally subject to inflation risk. In addition, high inflation rates could have a negative impact on purchases of natural gas from our clients.

Non-GAAP Financial Measures

This Offering Circular includes certain non-GAAP financial measures for our company, including EBITDA and related ratios. EBITDA, as well as the related ratios presented in this Offering Circular, are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, IFAS or U.S. GAAP. EBITDA is not a measurement of financial performance or liquidity under IFAS or U.S. GAAP and should not be considered as an alternative to net income or any other performance measures derived in accordance with IFAS or U.S. GAAP or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardized term, hence a direct comparison between companies using such a term may not be possible.

The following table reconciles our profit for the year under IFAS to our definition of EBITDA for the periods indicated:

	Year ended December 31,		
	2013	2012	2011
	(US\$ million)		
Profit for the year	893.9	915.3	701.9
Adjustments:			
Depreciation ⁽¹⁾	185.6	189.4	192.8
Amortization	1.4	1.2	2.0
Finance costs	21.9	21.6	27.7
(Gain)/loss on foreign exchange — net	(83.9)	(49.8)	26.2
Finance income	(26.9)	(27.8)	(35.1)
(Gain)/loss on fair value of derivative — net ⁽²⁾	(70.2)	(65.1)	1.3
Share in (profit)/loss of associate	(32.3)	(8.7)	6.0
Tax expense — current year	226.6	238.4	178.0
Tax expense/(benefit) — deferred	4.6	(5.3)	(7.9)
EBITDA (unaudited)	<u>1,120.7</u>	<u>1,209.2</u>	<u>1,092.9</u>

Notes:

(1) Depreciation adjustments to our distribution and transmission expenses were US\$181.1 million, US\$174.8 million and US\$169.4 million in the years ended December 31, 2011, 2012 and 2013, respectively. Depreciation adjustments to our general and administrative expenses were US\$11.7 million, US\$14.6 million and US\$16.2 million in the years ended December 31, 2011, 2012 and 2013, respectively.

- (2) To manage foreign exchange risks relating to our long-term loans denominated in Japanese Yen, we entered into a cross currency swap contract, which is accounted for as a transaction and not designated as a hedge. Changes in the fair value of this derivative are charged or credited directly to our consolidated statement of comprehensive income for the current financial year. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Principal Components of Income Statement Items — Gain on change on fair value of derivative — net.”

You should not consider our definition of EBITDA in isolation or construe it as an alternative to net income or as an indicator of operating performance or any other standard measure under IFAS or U.S. GAAP. Our definition of EBITDA does not account for taxes and other non-operating cash expenses. Our EBITDA measures may not be comparable to similarly titled measures used by other companies.

Quantitative and Qualitative Disclosure About Market, Credit and Liquidity Risks

Market Risks

We are exposed to market risk, in particular interest rate risk and foreign currency risk.

Foreign currency exchange risks

Foreign exchange risk is the risk that arises from changes in the exchange rate of the U.S. Dollar as presentation currency, against foreign currencies, especially the Rupiah and the Japanese Yen, leading to the risk that the fair value or future cash flows of a financial instrument will fluctuate. Our assets, liabilities and operational transactions are denominated in foreign currencies, therefore, the weakening of the U.S. Dollar will influence our financial performance. Our exposure to exchange rate fluctuations results primarily from the Japanese Yen, which was the denomination of US\$98.1 million, or 13.5%, of our long-term loans as of December 31, 2013. As of December 31, 2013, we estimate that an appreciation of the U.S. Dollar by 10.0% against other foreign currencies in which our costs, expenses and liabilities are denominated, assuming all other variables were held constant, would have caused a decrease in our profit before tax expense of US\$21.0 million; we estimate that a depreciation of the U.S. Dollar by 10.0% against other foreign currencies in which our costs, expenses and liabilities are denominated, assuming all other variables were held constant, would have caused an increase in our profit before tax expense of US\$25.5 million.

To manage foreign exchange rate risks, we entered into a cross currency swap contract. This derivative instrument is intended to hedge against changes in the fair value of liabilities from the risk of a fluctuating US\$/JPY conversion rate, in connection with our long-term loan denominated in JPY obtained from Japan Bank for International Cooperation, netted against any required contractual payments made or received under this derivative instrument. However, under IFAS, hedge accounting is only permitted if stringent qualifying criteria in relation to documentation and hedge effectiveness are met. Based on these and other specific requirements for hedge accounting under PSAK No. 55 (Revised 2011), and accordingly our derivative instrument does not qualify and is not designated as hedge activity for accounting purposes. This derivative instrument is accounted for as a transaction and any change in the fair value is charged or credited directly to our consolidated statement of comprehensive income for the current year.

We hedge the changes in the fair value of our liabilities due to risk of the foreign exchange rate fluctuation of US\$/JPY, in relation to the long-term loan obtained from Japan Bank for International Cooperation. We used option pricing valuation techniques adjusted with credit risk of US\$1.2 million, US\$4.5 million and US\$35.8 million as of December 31, 2013, 2012 and 2011, respectively.

All of our purchases of natural gas are denominated in U.S. Dollar and our sales of natural gas are primarily denominated in U.S. Dollar, thus naturally hedging the related foreign currency exposures.

Interest rate risks

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. Our short-term and long-term loans carry variable interest rates. We aim to strictly monitor the market interest rates fluctuation and if the interest rates significantly increase, we plan to renegotiate the interest rate to the lenders. We also entered into an interest rates swap to match the interest rate risk associated with the variable rates of short-term bank loans and long-term loans, however, no hedge accounting is applied. We take an exposure to the effects of fluctuations in the prevailing levels of market interest rates, both its fair value and cash flow risks. As of December 31, 2013, the amount of our borrowings at variable interest rates totaled US\$522.2 million representing 50.9% of our total debt as of that date. As of December 31, 2013, if the interest rates of the loans had been 50 basis points higher/lower with all other variables held constant, profit before tax expense for the year then ended would have been US\$0.9 million lower/higher, mainly as a result of higher/lower interest expense on loans with floating interest rates.

The table below summarizes our fair value exposures to interest rate risks as of December 31, 2013.

	Fixed rate	Floating Rate			Total
		Over 1 month up to 3 months	Over 3 months up to 1 year	Over 1 year	
Short-term bank loans	—	—	300.0	—	300.0
Current maturities of long-term loans	26.8	72.5	14.7	—	114.0
Long-term loans — net of current maturities	476.9	127.8	7.3	—	612.0
Total	<u>503.7</u>	<u>200.2</u>	<u>322.0</u>	<u>—</u>	<u>1,026.0</u>

Natural gas price fluctuation risks

We are exposed to fluctuations in prices of natural gas. The purchase price of natural gas represented 98.8% of our cost of revenues in 2013. Despite price fluctuations in the price of natural gas we source from our suppliers for the purpose of our distribution business, in general we have been able to successfully pass on price increases in respect of natural gas to our customers. In addition, our current natural gas sales and purchase agreements are generally long-term agreements. However, although some of our agreements are at fixed prices according to specified criteria, others specify that prices in later years will be negotiated. There can be no assurance that we will be able to pass on price increases to customers and we are exposed to the risk of natural gas price increases when signing new contracts or renewing existing ones. Further, natural gas price increases which we pass onto our customers may adversely affect demand for our natural gas, although historically we have been able to do so without any such material adverse consequences. We do not engage in natural gas price-hedging activities.

Credit Risk

Credit risk is the risk of suffering financial loss, when our customers fail to fulfill their contractual obligations to us. Credit risk arises mainly from trade receivables from the sale of natural gas to customers. 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. We implement a range of policies and practices to mitigate credit risk. The most common practice of these is the taking of deposits in the form of cash or standby letters of credit equivalent to two months' gas usage. Impairment allowances are recognized for financial reporting purposes only for losses that have been incurred at the date of the consolidated financial statements based on objective evidence of impairment.

We have developed models to support the quantification of credit risk. In measuring the credit risk of receivables, we consider the probability of default by our customers on their obligations and the likely recovery ratio on the defaulted obligations or the loss given default. Our models are reviewed regularly to compare with actual results. We work to mitigate our risk in collecting our trade receivables by setting customer subscription guidelines. Under these guidelines all customers provide payment guarantees and collateral to secure their payment obligations. For the year ended December 31, 2013, our impairment loss on our trade receivables was 4.2%.

Credit risk exposure relating to assets in the consolidated statement of financial position is as follows.

	As of December 31,		
	2013	2012	2011
	(US\$ million)		
Trade receivables — net	280.0	258.7	219.5
Other receivables — net.	20.2	3.4	2.8
Other long-term receivables	40.3	—	—
Total	<u>340.4</u>	<u>262.1</u>	<u>222.4</u>

Liquidity Risk

Liquidity risk is the risk that we are unable to meet our obligations when they fall due. We evaluate and monitor cash-in flow and cash-out flow to ensure the availability of funds to settle due obligations. In general, funds needed to settle our current and long-term liabilities are obtained from settlement of trade receivables from our customers with a one month credit term. We regularly monitor current and expected liquidity requirements and our compliance with our debt to equity ratio requirements and other contractual obligations we may have.

As of December 31, 2011, 2012 and 2013, we had cash and cash equivalents of US\$1,141.4 million, US\$1,567.5 million and US\$1,319.2 million, respectively.

The table below summarizes the maturity profile of our financial liabilities as of December 31, 2013, based on contractual undiscounted payments:

	On Demand and within 1 year	Within 1 to 5 years	Over 5 years	Total
	(US\$ million)			
Short-term bank loans	300.0	—	—	300.0
Future imputed interest charges	4.5	—	—	4.5
Trade payables	158.3	—	—	158.3
Other payables	57.6	—	—	57.6
Accrued liabilities	180.1	—	—	180.1
Current maturities of long-term loans	114.0	—	—	114.0
Future imputed interest charges	14.5	—	—	14.5
Long-term loans — net of current maturities	—	221.4	390.6	612.0
Future imputed interest charges	—	47.1	67.7	114.9
Derivative payable	—	—	11.9	11.9
Total	<u>829.0</u>	<u>268.5</u>	<u>470.2</u>	<u>1,567.8</u>

DESCRIPTION OF THE INDONESIAN GAS INDUSTRY

The following industry and market data has been prepared by and obtained from Wood Mackenzie, an independent energy industry consultant and expert in the energy industry, using information derived, in part, from various government and private publications. This information has not been independently verified by us or the Initial Purchasers or any of our respective affiliates or advisors. Neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of such data or any assumptions relied upon thereon. Neither we nor the Initial Purchasers have any actual knowledge of any material misstatement contained in this section.

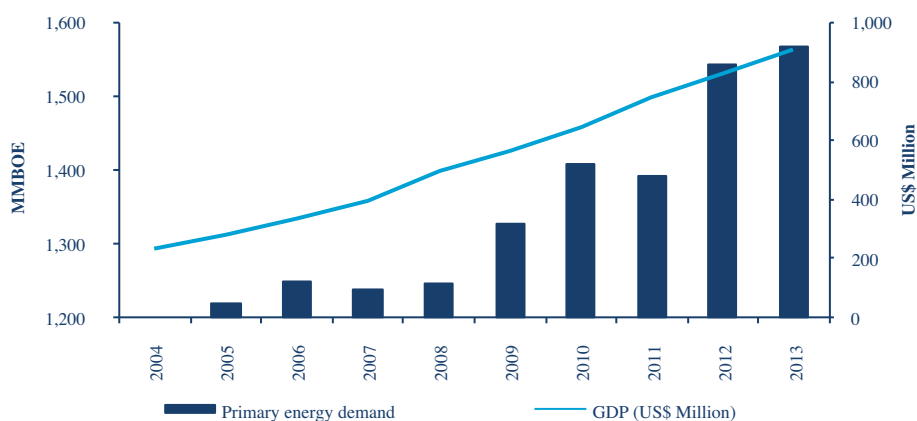
Indonesia Overview

Key Macroeconomic Indicators

Indonesia is the largest economy in Southeast Asia, both in terms of domestic value-added GDP and population size. The Indonesian economy has performed well over the last decade, riding on the growth of the natural resource sector and a growing consumer class. Registering headline GDP growth of 6.1% in 2013, and an average of 5.7% per annum since 2003, Indonesia is expected to maintain its growth momentum. Wood Mackenzie expects GDP will almost double from current levels by 2025, supported by a growing workforce, ongoing industrialisation, and sustained export demand for Indonesia's abundant energy resources and other commodities.

Wood Mackenzie expects Indonesia to harness its growth potential by continued investments in infrastructure and improvements in power supply which will drive the overall economic development and lead to higher domestic energy demand. Wood Mackenzie forecasts Indonesia's energy demand to grow from 855 ktoe/million people in 2013 to over 1,085 ktoe/million people by 2025.

GDP Growth vs. Energy Demand Growth in Indonesia

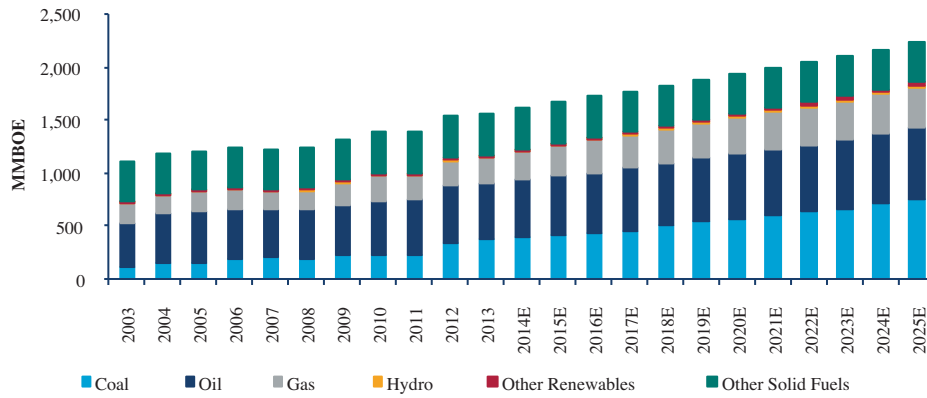


Source: Wood Mackenzie, Statistics Indonesia

Energy Consumption Outlook

Indonesia's existing fuel mix is both a reflection of its resource endowment and the government's energy policy management. Oil is the most consumed fuel as a result of historic energy subsidies, however the country is aiming to progressively transition to more cost effective energy resources for its power generation, industrial, transportation and agricultural sectors. In early 2014, Indonesia's House of Representatives endorsed the government's new energy policy, which aims to increase gas use from 20% of the energy mix to 22% in 2025 while reducing oil use from 49% to 23% in 2025.

Indonesia Energy Consumption by Fuel Type



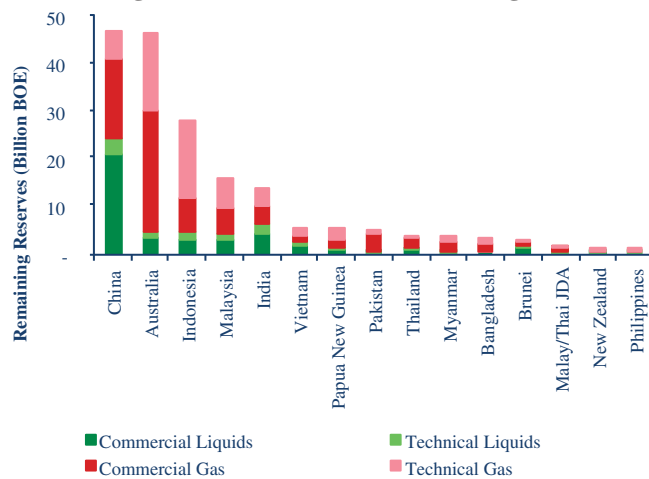
Source: Wood Mackenzie

Oil & Gas Industry

The oil and gas industry has long been and remains very important to the Indonesian economy, contributing an average of 8% to GDP and an average of 20% to the total revenue of the Indonesian Government over the last five years. With domestic demand for oil and gas forecast to increase by 36% from 2013 to 2025, according to Wood Mackenzie, the sector is expected to remain a significant driver of Indonesia's economic growth.

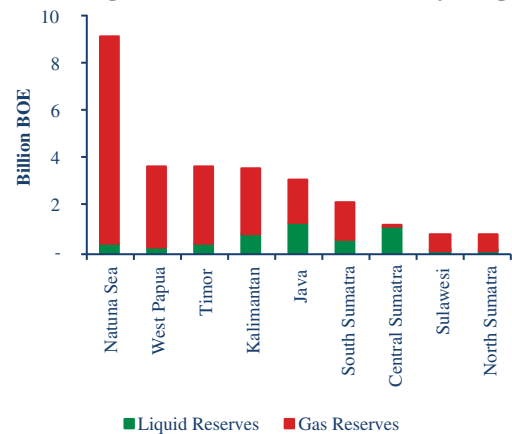
Indonesia has remaining resources of 27.5 billion BOE, as of December 31, 2013 of which approximately 85% are gas, making it the third largest in the region after China and Australia, which had 46.3 billion BOE and 45.9 billion BOE, respectively. According to Wood Mackenzie, in terms of current production, Indonesia is second only to China in the Asia-Pacific region. Indonesia is estimated to produce about 724 million BOE of oil and gas in 2014, while China is expected to produce approximately 2.3 billion BOE. The largest remaining gas reserves in Indonesia are in the Natuna Sea, West Papua, Timor and Kalimantan.

Remaining Reserves in Asia Pacific Region



Source: Wood Mackenzie

Remaining Reserves in Indonesia by Region



Source: Wood Mackenzie

Wood Mackenzie estimates that Indonesia has considerable remaining oil and gas potential, with approximately 3.0 billion BOE of total yet-to-find reserves. The majority of these volumes are expected to be discovered in Eastern Indonesia basins, where large areas, both onshore and offshore, remain relatively unexplored due to the remoteness and lack of infrastructure. According to Wood

Mackenzie, from 2003 to 2013, the country has seen between 14 to 25 fields discovered per year and discovered volumes of 3.2 billion BOE, with gas representing over 70% of volume discovered. Wood Mackenzie also estimates Indonesia has significant coal bed methane (“CBM”) resource potential, although this remains commercially undeveloped and uncertain subject to further exploratory drilling.

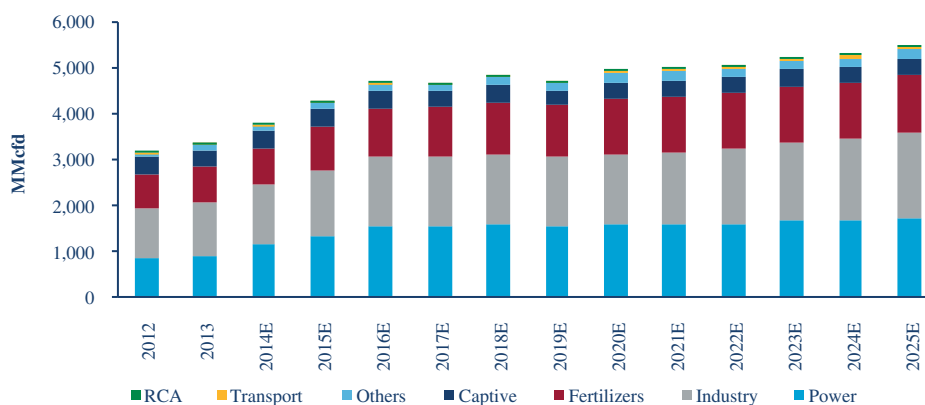
Indonesia Natural Gas Industry Overview

Trends in Gas Demand

Gas is an important component of Indonesia’s energy mix, particularly for the industrial and power sectors. Gas demand in Indonesia has grown at an annual growth rate of 5% over the last ten years and reached over 3,250 MMcfd in 2013, or 14% of total energy demand, according to Wood Mackenzie. Looking forward, Wood Mackenzie expects the demand for natural gas in Indonesia to be characterized by two phases, growth until 2016 and stabilization after 2017.

In recent years, domestic gas demand has been rising, induced by lower gas prices compared to the unsubsidized oil products and the expansion of gas infrastructure in different regions of Indonesia, namely Java and Sumatra. Gas demand is primarily driven by the power generation, industrial and fertilizer sectors, which in aggregate represent 95% of total domestic demand in 2013. Java is the largest demand center given its large base of industries, gas-fired power stations and more extensive distribution network. Wood Mackenzie expects the demand originating from Java to increase from approximately 1,700 MMcfd to over 3,100 MMcfd from 2013 to 2025 at a CAGR of 5%. By comparison, Sumatra is also expected to experience increased demand driven expansion of the industrial sector, with demand to escalate from 1,000 MMcfd to approximately 1,200 MMcfd, at a slower annual growth rate than Java at over 1%, while Kalimantan is expected to have a 5% annual increase in demand from 465 MMcfd in 2013 to over 850 MMcfd.

Indonesia Gas Demand



Source: Wood Mackenzie

Note: “RCA” denotes Residential, Commercial and Agricultural

In the power sector, gas is widely used as baseload generation, both because of the low piped gas prices and an overall shortage of power capacity. The gas consumption may rise in the near term to meet immediate generation needs, however utilization rates will decrease towards the end of the decade as new large-scale baseload coal and geothermal capacity is scheduled to come online. Gas, however, is expected to remain the primary fuel in smaller demand centres in North Sumatra and Sulawesi. Further, pollution considerations in West Java may also drive the demand for cleaner gas generation.

Gas is also used in a broad variety of industries, with the fertilizer sector being the largest individual consumer of gas. The manufacture of fertilizer was deemed a strategic industry in the Oil and Gas Law of 2001. The government has required that gas be sold at a subsidized price to support the development of this sector. Wood Mackenzie also expects an increase in gas use by the refinery sector. The expansion of the gas distribution network in Java and Sumatra may allow pent-up demand from other industries such as paper, cement, chemicals and food processing to be met through the displacement of LPG and diesel.

The distribution network servicing the residential, commercial and agricultural sector only exists in five cities — Jakarta, Bogor, Cirebon, Surabaya on Java, and Medan in Sumatra. Gas is mainly used for cooking, water heating and drying. Currently, residential gas consumption accounts for less than 2% of total gas demand and Wood Mackenzie does not anticipate a material difference with the expansion of these networks.

Trends in Gas Supply

In the early 2000s, Indonesia was the largest LNG exporter, with most of the gas production targeted for exports via pipe or LNG under long term contracts to Singapore, Malaysia, Japan, Korea and Taiwan. The domestic gas market only started to expand when oil production began to decline beginning at the turn of the century, leading to the development of fields in Central and South Sumatra and in the Java Sea. Indonesia is continuing to add new gas reserves in basins on the eastern part of Indonesia. In the coming decade, Wood Mackenzie expects gas production in deep-water areas may also increase, such as Eni's Muara Bakau block, Inpex's Masela block and Chevron's Indonesia Deepwater Development (IDD) project.

Indonesia also has significant unconventional gas potential from CBM and shale gas. Although large acreages were licensed in Kalimantan and Sumatra, and there was some success with small volumes of production, the development of CBM has slowed of late. Shale gas development is also at a very preliminary stage. Wood Mackenzie estimates the contribution of the unconventional gas supply to only become material (>200 MMcfd) after 2020.

With the expiration of several long-term LNG export contracts, more gas is being diverted to cater to Indonesia's growing domestic demand. By 2014, Wood Mackenzie believes that gas supplied to the domestic market will exceed exports for the first time, reflecting the changing supply and trade picture in Indonesia. Currently contracted production from Indonesia is approximately equally split between the domestic market and exports, at a ratio of 48% to 52%, respectively compared to 40% to 60%, respectively, in 2010. Wood Mackenzie expects the domestic consumption in 2014 to reach 3,800MMcfd, while exports are estimated at approximately 3,600MMcfd. This decline in the share of supply exported is expected by Wood Mackenzie to continue, as the domestic market grows and new supply struggles to adequately replace decreased production.

To ensure sufficient domestic supply, the Oil and Gas Law instituted a Domestic Market Obligation (DMO) obliging upstream producers to reserve at least 25% of gas production for the local market. In the latest DMO agreements, SKK MIGAS has negotiated to purchase 40% of the LNG from BP's Tangguh Train 3 and Eni's Muara Bakau project for Floating Storage and Regasification Units (FSRUs) being developed in Java and Sumatra. Wood Mackenzie anticipates regasification demand will initially be met by domestic cargos from Bontang or Tangguh until 2020, after which, Indonesia is expected to need to source LNG from the global market.

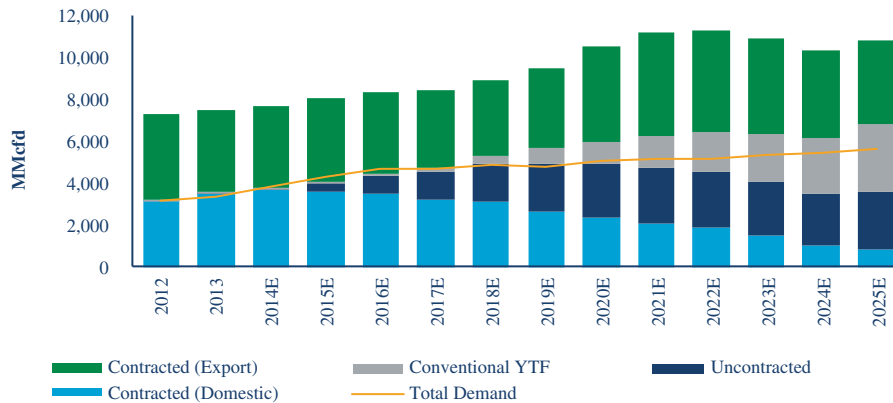
Demand and Supply Balance

Historically, the demand centers in Java and Sumatra have represented 80% of total demand in Indonesia. Java and Sumatra have relied on cheap piped gas supply to fuel growth in the power generation and industrial sectors. However, gas basins in both regions are relatively mature and new discoveries have been smaller in size and more technically challenging to commercialize.

There is potential for developing new gas supply within Indonesia, although the regions that hold the greatest potential are mostly located in the Eastern islands, some distance from the growing demand centers in Java and Sumatra. As a result of this dynamic, the government is keen to develop regasification terminals to facilitate gas flows from East to West. As Indonesia is expected to maintain its LNG exports due to long-term contracts, Wood Mackenzie believes it could emerge as a significant LNG buyer in the international market, especially as the economy grows and pricing reforms take place.

Based on Wood Mackenzie’s demand and supply estimates, gas production is forecast to exceed domestic demand beyond 2025, with Indonesia remaining a net exporter of gas.

Indonesia Gas Supply-Demand



Source: Wood Mackenzie

Note: “Conventional YTF” denotes conventional Yet To Find

Natural Gas Pricing and Trends

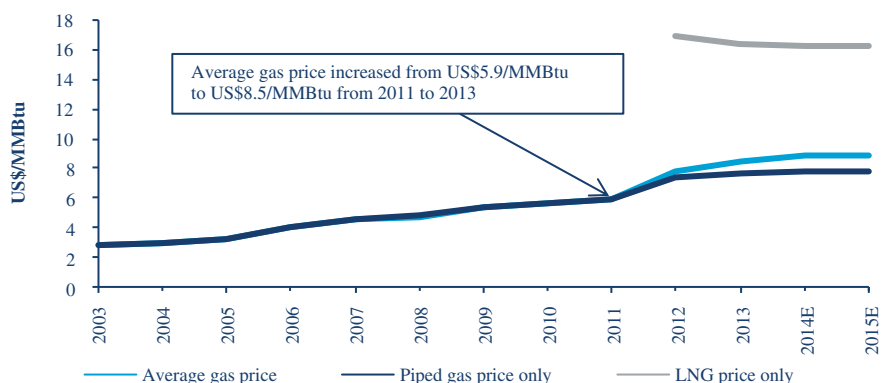
Gas prices in Indonesia are negotiated on a bilateral basis between upstream producers and downstream gas aggregators. With the exception of LNG production, gas in Indonesia was historically regarded as a by-product of oil extraction and hence sold at fixed nominal terms on a “cost plus” basis. Newer contracts are linked to the price of oil products, with inflationary escalations. The government permits free market pricing to encourage more upstream exploration and production, but gas sales to certain industries, such as power and fertilizer, need to be approved by the regulator.

Historically, gas prices have been kept low to maintain affordability, however this has been one of the factors leading to underinvestment in the upstream. In a bid to reverse this situation, the government has allowed gas prices to increase. Based on current prices, industry consumers can afford to pay more for natural gas, as alternative fuels such as LPG, diesel or fuel oil are still more costly.

Gas prices in 2014 have stabilized following the gas price reforms over the last three years during which the government moved to renegotiate higher prices for a number of piped gas contracts. Historically, delivered piped gas prices have been in the range of US\$2.5 to 3.0/MMBtu. It is Wood Mackenzie’s understanding that incremental piped gas supply prices are now moving upwards of US\$6.00/MMBtu while LNG producers are negotiating to achieve a 13% oil-indexation for LNG applied under the DMO ruling.

Over the next few years, Wood Mackenzie expects the price of gas to progressively reflect the higher costs of new upstream developments, although not at the level of international LNG prices. According to Wood Mackenzie, in 2015, 92% of domestic volumes consumed are expected to be supplied by pipe gas and the remaining 8% by LNG.

Average Gas Prices



Source: Wood Mackenzie

Gas Infrastructure

The gas transportation network in Indonesia is underdeveloped considering the availability of indigenous gas reserves and potential size of the domestic market. Currently, Indonesia has a total transmission pipeline of 8,000 kilometres (comprising dedicated and open access transmission lines) and distribution network of nearly 5,000 kilometres. Development of the gas industry was initially based on export requirements, wherein core investments have been made on a project-by-project basis around gas production areas. This fragmented development of infrastructure has led to disconnected regional markets. Java Island is divided into the West Java and Central-East Java markets, while Sumatra Island is segregated into the Aceh, North Sumatra, and Central-South Sumatra markets. Pipeline infrastructure outside Java and Sumatra is very limited, except in the East Kalimantan region.

Existing inter-regional pipeline connections include the Grissik-Duri and the Grissik-Singapore pipelines connecting South Sumatra with Central Sumatra, Batam, and Singapore, and the SSWJ I and II pipelines connecting South Sumatra with West Java. Export pipelines also exist in the Natuna Sea, delivering gas into Singapore and Malaysia. New pipeline projects are currently being developed in conjunction with LNG regasification plants in Arun and Lampung, including the Arun-Medan pipeline, Cilegon-Serpong pipeline and three ring lines in West Java.

Gas pipeline infrastructure in Kalimantan is concentrated in the East Kalimantan region, which delivers gas to the Bontang LNG terminal, as well as domestic off-takers. There are very limited transmission pipelines in Sulawesi and Papua.

In addition to the above interregional projects, the Indonesian government's transportation network plan includes building an undersea pipeline from Kalimantan to Semarang, Central Java, a cross-Java pipeline from Gresik to Semarang to Cirebon and two additional cross-island pipelines in Kalimantan and Sulawesi to link up the segregated markets.

As Indonesia's gas market has principally been developed for export, most of the infrastructure investment has been in liquefaction facilities. With new gas discoveries increasingly found in the eastern part of Indonesia where there is limited domestic demand, upstream operators will be required to develop liquefaction plants to monetize their gas fields. There are currently two liquefaction plants in operation, the Bontang plant in East Kalimantan and Tangguh plant in Papua. The Indonesian government has also approved the development of two more liquefaction plants at Donggi Senoro and

Abadi. The Abadi plant will be using a floating liquefaction concept to reduce environmental and project costs, as well as total lead time. The government also approved BP to develop a third train at the Tangguh plant on condition that 40% of the LNG will supply the domestic regasification terminals.

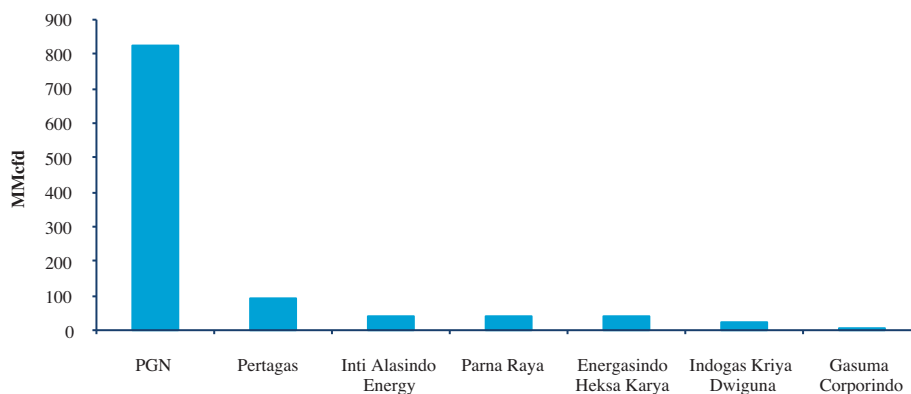
To meet the increasing gas demand on Java and Sumatra, the Indonesian government has tasked Pertamina and PGN with finding suitable sites for LNG regasification terminals to bring gas from other regions of Indonesia. The first terminal in West Java, Nusantara FSRU, came into operation in May 2012. This is a closed access terminal, co-owned by Pertamina (60%) and PGN (40%).

Two other regasification terminals are currently under construction, the Lampung FSRU and Arun liquefaction facility, which will be converted into a regasification terminal. Both terminals are expected to be ready by late 2014 or early 2015. Meanwhile, the site for the Central Java regasification terminal is yet to be finalized. Although it was previously planned for Semarang, Pertamina is presently considering relocating it to Tuban or Cilacap.

Competitive Landscape

PGN is the largest player in the gas trading and distribution business, with gas sales of over 800 MMcfd in 2013, or more than 70% market share. On its distribution and gas trading business, PGN remains the dominant market leader with its key competitors including Pertagas (a wholly owned subsidiary of Pertamina) and several private gas traders. Similar to PGN, most private gas traders own their dedicated distribution networks to supply gas to their customers. Competition has increased slightly in recent years with the emergence of the local and regional state owned gas aggregator companies, although their aggregate volumes remain small at approximately 75 MMcfd in 2013. The competition in the gas transmission business in Indonesia is even less intense, as the sector is highly regulated. PGN also maintains a market leadership position in the transmission space with Pertagas being the only notable competitor to PGN in the open access transmission lines.

Gas Sales by Key Aggregators in Indonesia in 2013



Source: Wood Mackenzie

PGN's entrance into the upstream sector is an example of a move towards more vertical integration in the gas industry, which is intended to improve its bargaining position in the gas sourcing activities. PGN's presence in the upstream sector is still relatively new and small compared to the diverse players in the upstream sector which range from oil and gas majors, small-to-large caps international companies and national players.

REGULATORY OVERVIEW OF OIL AND GAS ACTIVITIES IN INDONESIA

General Overview

Indonesia's oil and gas resources, and the mining rights to them, are national assets controlled by the Government. In November 2001, the Oil and Gas Law was enacted, replacing Law No. Prp. 44 of 1960 (regarding oil and gas mining) and Law No. 8 of 1971 (regarding Pertamina, i.e. the State oil and gas company). However, certain articles within the Oil and Gas Law were annulled as a result of the Constitutional Court of Indonesia's (the "Court") decision on November 13, 2012 when the Court dissolved BP Migas as the implementing body in the upstream oil and gas sector. Based on the Presidential Regulation No. 95 of 2012 concerning the assignment of and the implementation of duties and functions of upstream oil and gas business activities ("PR 95/2012"), all duties, roles and functions of BP Migas were assigned to SKK Migas on January 10, 2013, until such time as the issuance of a new oil and gas law in Indonesia as regulated under Presidential Regulation No. 9 of 2013 on the Management of Upstream Oil and Gas Activities ("PR 9/2013").

The Oil and Gas Law is the umbrella legislation for oil and gas business activities setting forth general principles that are, and will be, further developed in a series of Government regulations, Presidential decrees and ministerial decrees, some of which have been promulgated by various Government institutions and agencies, such as Government Regulation No. 35 of 2004, as amended by Government Regulation No. 55 of 2009 on Oil and Gas Upstream Business Activities (the "Upstream Regulation"), and Government Regulation No. 36 of 2004 as most recently amended by Government Regulation No. 30 of 2009 on Oil and Gas Downstream Business Activities (the "Downstream Regulation").

The Oil and Gas Law categorizes oil and gas activities into upstream and downstream activities. Upstream activities consist of exploration and exploitation of oil and gas resources, while downstream activities consist of processing, transporting, storage and trading activities. A company which carries out upstream business activities may not carry out downstream activities and vice versa unless the downstream activities conducted by the company are considered to be the continuation of exploration and/or exploitation activities of the company, and therefore the downstream activities are not developed with the intention of benefiting and/or profiting from these activities alone. In our case, we will legally enter into both upstream and downstream business activities through our subsidiaries. Upstream activities are carried out based on cooperation contracts entered into by a contractor and SKK Migas, for and on behalf of the Government, while downstream activities are carried out based on various licenses.

Downstream Activities

The State Ministry of Energy and Mineral Resources, through its Directorate General of Oil and Gas, is the main regulatory and supervisory body for all oil and gas activities, an authority granted by the Indonesian Constitution and codified by the Oil and Gas Law and its various implementing regulations. In addition, the Oil and Gas Law and PR 9/2013 provide for the establishment of two non-profit governmental bodies, SKK Migas and BPH Migas.

The regulations setting out the authority and structure of BPH Migas came into force on December 30, 2002 based on Government Regulation No. 67 of 2002, as amended by Government Regulation No. 49 of 2012 on the Fuel Supply and Distribution and Natural Gas Transportation Through Pipeline Regulatory Body ("GR 67/2002 as amended"). BPH Migas itself was established pursuant to Presidential Decree No. 86 of 2002, as amended by President Regulation No. 45 of 2012 on the Establishment of Fuel Supply and Distribution and Natural Gas Transportation Through Pipeline Regulatory Body, which also came into force on December 30, 2002. GR 67/2002 as amended authorizes BPH Migas to, among other things:

- determine and regulate natural gas distribution and transmission transportation rates, in line with technological and economic principles;

- determine and regulate the price of natural gas sold to residential customers;
- determine and regulate enterprises engaged in the transmission and distribution of natural gas;
- resolve disputes among participants holding special rights in natural gas transportation activities; and
- grant special rights to transport natural gas through pipelines by way of tender, in accordance to the national natural gas transmission and distribution master plan.

BPH Migas reports directly to the office of the President of Indonesia.

Under the Oil and Gas Law and its implementing regulations, downstream oil and gas business activities include the processing, transportation, storage and/or trading activities related to oil and gas as described further here below:

Processing

Under the Downstream Regulation, processing is defined as activities of refining, obtaining derivatives, enhancing the quality and increasing the value of crude oil and/or natural gas or to produce fuel oil, gas fuel, processed products, LPG and/or LNG. Field processing is excluded from this definition by the Downstream Regulation as it is considered a continuation and/or a part of a series of exploration and exploitation activities as long as it is not intended to obtain benefits and/or profits for commercial purposes. Pursuant to the Downstream Regulation, the processing of natural gas into LNG is considered a downstream business activity if it is intended to obtain and/or gain profits and is not the continuation of upstream business activities.

Storage

Storage covers the activities of receiving, collecting, stocking and discharging of crude oil, fuel oil, gas fuel and/or processed products, located above and/or under the land surface and/or water surface for commercial purposes.

Transportation

Transportation covers the activities of transferring crude oil, natural gas, fuel oil, gas fuel and/or processed products whether through land, water and/or air, from Working Area or shelter and processing including the transportation of natural gas through transmission and distribution pipelines, for commercial purposes.

Trading

Trading covers the activities such as purchasing, selling, exporting and importing crude oil, fuel oil, gas fuel and/or processed products, including trading of natural gas through pipelines.

Pursuant to the Downstream Regulation, trading business activities are divided into two types:

- General trading (wholesale) activities are the sale, purchase, export and import business activities related to fuel oil, gas fuel, other fuel and/or processed products on a large scale, by an entity that controls or owns storage facilities and holds a general trading (wholesale) business license, which authorizes the general trading (wholesale) business license holder to distribute products to all end consumers using a certain trademark owned or used by the holder; and

- Limited trading (trading): activities are the sale, purchase, export and import activities related to fuel oil, gas fuel, other fuel and/or processed products on a large scale, by an entity that does not control or own storage facilities or other infrastructure but holds a limited trading business license, which authorizes the limited trading business license holder only to distribute products to consumers/users that control/own port and/or receiving terminals, facilities or infrastructure.

Downstream Business Licenses

Pursuant to the Oil and Gas Law, the Downstream Regulation and Regulation of the Minister of Energy and Mineral Resources (the “MEMR”) No. 0007/2005 on requirements and technical guidelines for business licenses in oil and gas downstream business activities (“MEMR Reg 0007/2005”), in order to conduct oil and gas downstream business activities, a business entity must first obtain a business license from the MEMR. A business license will only be granted to a business entity that has complied with all applicable administrative and technical requirements.

For oil and gas downstream business activities, the MEMR will issue business licenses (each, a “Business License”) as follows:

- Processing Business License;
- Transportation Business License, including Natural Gas Transportation Business License through Pipelines;
- Storage Business License;
- Trading Business License, which is either a general trading (wholesale) business license or a limited trading (trading) business license.

Each Business License is for a maximum time of 20 years and is extendable.

If a business entity conducts processing activities with transportation, storage and/or trading activities as a continuation of such processing activities, it is only required for the relevant business entity to obtain a Processing Business License. However, if transportation, storage and trading activities are conducted by a business entity other than as the continuation of any processing activities, it must obtain the respective Transportation Business License, Storage Business License and Wholesale Trading Business License or Limited Trading Business License separately. In addition, if the relevant business entity conducts a wholesale trading business activity, such business entity must first obtain the wholesale trading business license.

The ultimate authority to grant Business Licenses belongs to the MEMR, based on the recommendation of the Director General of Oil and Gas (the “DGOG”). However, under the Oil and Gas Law, if oil and gas downstream business activities relate to regional interests, the MEMR may consult with the relevant regional government and issue a Business License upon its recommendation. In addition, as provided in the Downstream Regulation, the MEMR may delegate its authority to grant a Business License for certain activities to regional governments, relevant government institutions and/or the Investment Coordinating Board of Indonesia (Badan Koordinasi Penanaman Modal) (“BKPM”).

The delegation of authority is undertaken for efficiency and cost reduction purposes. In ascertaining whether to delegate authority, the MEMR assesses the capacity and capabilities of the relevant business entity as well as factors such as foreign ownership and whether investment facilities are utilized. To date, there has been only one delegation of authority by the MEMR to BKPM to, among other things, permit the alteration of certain fiscal facilities (such as duties and tax rates) and

certain corporate changes (such as a changes in shareholding and board structure) as regulated under MEMR Regulation No. 05 of 2010 on the Delegation of Authority to Grant Business Licenses in the Field of Energy and Mineral Resources within the Framework of Integrated One-Stop Services in the Field of Investment to the Head of Investment Coordinating Board.

Transportation of Natural Gas Through Pipelines

In the case of the transportation of natural gas through pipelines, the relevant Business License that needs to be applied for and obtained by the relevant business entity is the Business License for the Transportation of Natural Gas through Pipelines (a “Transportation Business License through Pipelines”).

Downstream Temporary Business License

Prior to the issuance of the relevant Business License being applied for by the relevant business entity, the Dirjen MIGAS, on behalf of the MEMR and based on the relevant business entity’s application letter, may issue a temporary downstream business license (a “Temporary Business License”). However, a business entity that will apply for a limited trading business license is exempted from the requirement to obtain a Temporary Business License. The relevant business entity can directly obtain a limited trading business license by providing administrative and technical requirements as provided in MEMR Reg 0007/2005.

As determined under MEMR Reg 07/2005, the issuance of a Temporary Business License is one of the requirements to participate in a tender process for a natural gas transmission line and/or distribution networks area. Further, the Temporary Business License can also be used by the relevant holder to arrange the issuance of other licenses. The Temporary Business License is valid for a maximum period of three years and is extendable only once, for a maximum of two years.

Special Right over Natural Gas Transmission Line (a “Special Right”)

Particularly for the holder of Transportation Business License through Pipelines, in addition to the requirement to possess the Transportation Business License, the Downstream Regulation and MEMR Reg 07/2005 also require the relevant business entity to apply for and obtain a Special Right for transmission line and/or distribution network area from BPH Migas prior to undertaking the actual operation of the natural gas transportation through pipelines. The determination of a Special Right for transmission lines and/or distribution network areas will be based on the Master Plan of National Natural Gas Transmission and Distribution Networks.

Downstream Regulation and Regulation of BPH Migas No. 19/P/BPH Migas/XI/2010 on the Issuance of Special Right of the Transportation and Trading of Natural Gas through Pipelines defines Special Right as a right given by BPH Migas to a business entity to operate the transportation of natural gas through pipelines within the transmission lines and/or certain distribution network areas, based on the result of a tender process. This means that a business entity must participate in a tender process for transmission lines and/or certain distribution network areas held by BPH Migas in order to be awarded such Special Right. The Special Right is valid as long as the relevant Transportation Business License remains valid.

Upstream Activities

BP Migas, the previous upstream oil and gas implementing agency, was established based on Government Regulation No. 35 of 2004 on Upstream Oil and Gas Activities (“GR 35/2004”) and Government Regulation No. 42 of 2002, BP Migas, and was tasked with, among other things, overseeing the management of oil and gas resources carried out by private legal entities (i.e. state-owned enterprises, regional-owned enterprises, cooperatives, private enterprises and permanent establishments), by becoming a counterparty to the entities’ cooperation contracts (to be discussed further below) and issuing guidelines for oil and gas operational activities.

However, on November 13, 2012, the Indonesian Constitutional Court dissolved BP Migas by way of Decision No. 36/PUU-X/2012 dated November 13, 2012. The Government has since issued new regulations designed to fill the gap left by the dissolution of BP Migas. On January 14, 2013, the President of Indonesia enacted PR 9/2013, which was followed up by Ministry of Energy and Mineral Resources Regulation No. 9 of 2013 dated February 1, 2013 on the Organization and Working Structure of the SKK Migas (the “MEMR Regulation No. 9/2013”). Article 2 of MEMR Regulation No. 9/2013 provides that the management of upstream oil and gas activities, which are within the scope of MEMR’s authority, will be carried out by SKK Migas, until a new oil and gas law is issued. Under Article 9 of MEMR Regulation No. 9/2013, the Head of SKK Migas will answer directly to the President, similar to BP Migas. Under Article 3 of MEMR Regulation No. 9/2013, SKK Migas is authorized to carry out the following functions:

- providing recommendations to the MEMR for the preparation and determination of Working Areas and PSCs (a type of cooperation contract, to be discussed below);
- execution of PSCs;
- evaluation and analysis of the first plan of development (“POD”) for approval by MEMR;
- approving PODs other than the PODs mentioned above;
- approving work programs and budgets;
- carrying out monitoring and reporting on the implementation of PSCs to the MEMR; and
- appointing the seller of the State’s oil and/or gas entitlement for the benefit of the State.

Upstream Oil and Gas Licensing Regime

Upstream oil and gas activities are performed based on a cooperation contract entered into by a contractor and SKK Migas, for and on behalf of the Government (a “Cooperation Contract”). The Cooperation Contract was introduced to govern the working relationship and sharing of production between the Government and private sector contractors in the Indonesian oil and gas industry. This Cooperation Contract is similar to the production sharing arrangements applicable prior to the implementation of the Oil and Gas Law. Production sharing arrangements in existence prior to the implementation of the Oil and Gas Law will remain in effect until they are terminated on their own terms. Currently, the form of Cooperation Contract, which is available to be entered into with the Government, is the PSC. However, the Oil and Gas Law allows the Government to award Cooperation Contracts that are not in the form of a PSC to contractors. The PSC or other forms of Cooperation Contracts are awarded by the MEMR by competitive tender, either through a regular tender or a direct offer, which is regulated in detail by MEMR Regulation No. 35 of 2008 on the Determination and Offering Procedures of Oil and Gas Working Areas.

Competitive Tender Bidding

Determination of an upstream oil and gas Working Area is specifically regulated under MEMR Regulation No. 35 of 2008 on the Guidelines of Determination and Offering of Oil and Gas Working Area. Preparation of a Working Area for offering by way of tender is conducted by the DGOG through technical and economic evaluation and data processing. After this process, the DGOG will then propose to the MEMR the Working Area to be determined for offering through the tender process. In determining the Working Area, the MEMR will consult with the Governor who has authority over the area where the Working Area is located. Tender for a Working Area is conducted over (i) the area that has never been determined as a Working Area; (ii) part of a relinquished Working Area as regulated under the PSC; (iii) expired Working Areas; (iv) part of Working Areas that have never been developed and/or are being or have been produced that are relinquished as proposed by the PSC Contractor; and/or (v) part of Working Areas that have never been developed and/or produced that are relinquished

as proposed by MEMR. The offering of a Working Area will be conducted by the DGOG, and will be announced through printed, electronic and other forms of media and other promotion of such Working Area. In relation to the offering, the DGOG will prepare and issue a bid document for every Working Area containing at least the: (i) bidding procedures; (ii) geological and oil and gas potential information; (iii) forecast of oil and gas reserve and production; and (iv) concept of the PSC (all together the bid document).

Direct Offer

For a direct offer, a party who proposes a direct offer for a certain area must first conduct a joint study. Once a joint study is completed and the MEMR approves the result, the area will be tendered out, but the party who proposes the joint study has the right to match the best bid from the tender participants. The preparation of the Working Area for a direct offer process is conducted by the DGOG based on the proposal from a business entity permanent establishment. The proposal can only be made for a part of the area that (i) has not been determined as Working Area known as an open area; and (ii) has not been evaluated to be reserved for a tender round by the DGOG. In general, the steps for obtaining a PSC through a direct offer are fairly similar to those for obtaining a PSC through an open tender. The key difference is that, in a direct offer, if the direct offer applicant's offer is lower than those of other applicants interested in the Working Area, the direct offer applicant executing the Joint Study will be given the right to change the bid to match the highest bid. If the direct offer applicant executing the joint study agrees to change its bid, it will be announced as the winner.

Production Sharing Arrangements

The Indonesian Parliament must be notified in writing of any signed production sharing contracts. A contractor of a Cooperation Contract may be an Indonesian legal entity or a foreign legal entity (Permanent Establishment). Only one Working Area can be given to any one legal entity (also known as ring-fencing).

Production sharing arrangements are based on five main principles:

- the contractors are responsible for all investments and production costs (exploration, development and production);
- the contractors' investment and production costs may be recovered against production (i.e. "cost recovery");
- profits are split between the state and the contractors at an agreed rate based on production after the cost recovery portion;
- ownership of tangible assets remains with the state; and
- overall management control remains with SKK Migas on behalf of the Government.

Generally, under production sharing arrangements, the operator is required to commit to spending a specified sum of capital to implement a work program approved by the Government. The negotiation of production sharing arrangement terms with potential contractors is handled primarily by the MEMR. The awards of work areas are based on either a competitive tender process or direct offer.

As a general rule, the provisions of a PSC must comply with the applicable national laws. It is very rare that a PSC would be negotiated without reference to the standard form of the PSC. However, the provisions of (i) firm commitment, (ii) relinquishment, (iii) entitlement, (iv) first tranche petroleum and other revenue sharing schemes, and (v) bonus payments are some areas that need to

be further negotiated by the contractor. The Oil and Gas Law permits the use of other forms of Cooperation Contracts in addition to the standard production sharing form or scheme. Irrespective of the form of cooperation, however, certain key principles remain similar to what is applied under the PSC regime. For example, title over natural resources remains with the Government until the point of delivery, which is usually the point of export (accordingly title to the oil and gas lifted for the contractor's share passes at the point of delivery), ultimate management control remains with SKK Migas, and funding and other risks are assumed by the contractors. These cooperation contracts are to be entered into with SKK Migas and with written notice thereafter to the Indonesian Parliament.

Environmental Obligations on Oil and Gas Operations

In general, all parties carrying out business activities in Indonesia shall aim to prevent environmental destruction and possess the obligation to repair any destruction that may be caused from such activities, subject to the prevailing laws and regulations in Indonesia.

The following are the main environmental obligations with which businesses/activities in Indonesia must comply.

Environmental impact analysis (“AMDAL”) or environmental management efforts/environmental monitoring efforts (“UKL-UPL”) and environmental license

A company whose business activities are deemed to have a significant impact on the environment must prepare and submit an AMDAL and obtain the competent authority's decision of environmental feasibility of the AMDAL (the “AMDAL approval”), before it can obtain an operating license from the competent authorities. For oil and gas companies, the AMDAL approval is only obtained prior to the submission of plan of development (“POD”) application to obtain POD approval. Based on Law No. 32 of 2009 on environmental protection and management (“Environmental Law”) and Government Regulation No. 27 of 2012 on Environmental License (“Environmental Regulation”), the AMDAL will be evaluated by the AMDAL evaluating committee and based on its recommendation, the State Minister for the Environment or Governor or Regent/Mayor will issue a decision regarding the feasibility of the company's business or activity with respect to the environment, or the AMDAL approval. Subsequent to obtaining an approval the company must follow the approved terms of the AMDAL to ensure the preservation of the environment and to prevent and address any environmental damage caused by its operations. Regulation of the State Minister of Environmental No. 05/2012 on types of business and/or activities plans which are required to have AMDAL, provides a list of the types of businesses and/or projects that are subject to the AMDAL obligation. If a business/project is not required to have an AMDAL, it may be required to have a UKL-UPL, which is a document similar to the AMDAL, but one that is applicable to businesses/projects with less environmental impact than those subject to the AMDAL obligation, e.g. lower project capacity. In the oil and gas industry, a UKL-UPL document is required to be prepared and its approval recommendation from the Minister of Environment or Governor or Regent/Mayor (or known as “UKL-UPL approval”) must be obtained before exploration activities are commenced.

A business/project that is subject to the AMDAL (or UKL-UPL) obligation is also required to have an environmental license (Izin Lingkungan) by the Environmental Law. The environmental license is a prerequisite for companies in obtaining their respective operational business license. In the event a company's environmental license is revoked, then the business and/or activity permit of the company will also be revoked. Obtaining the environmental license will be carried out simultaneously with obtaining an AMDAL or UKL-UPL approval. Upon receipt of the AMDAL or UKL-UPL, a company will also receive its environmental license. To obtain the AMDAL or UKL-UPL approval, a company must submit a number of documents, e.g. description of the project and profile of the project owners. Key among these is an assessment of the environmental risks attached to the project and an outline of how these will be handled. In approving the AMDAL, the relevant evaluation and approval issuing authority will have regard to the risk mitigation being proposed, and also the

results of the requisite public consultation. The criteria for the granting of the environmental license will be, broadly speaking, the same. In this connection, it should be noted that a company that has obtained an environmental license is required to allocate a guarantee fund for the restoration of the environment. In addition, the company is also subject to other obligations, e.g. submission of periodical reports on the implementation of its environmental license to the relevant license issuer. In addition to the main licensing obligations as set out above, oil and gas companies may also be required to possess specific licenses to carry out certain business activities, e.g. license to store hazardous and toxic waste.

Environmental Quality Standards (Baku Mutu Lingkungan)

The second category of environmental obligations of companies relates to the adherence by companies to the various environmental quality standards applicable to their respective industries or activities. These include, among other things, quality standards pertaining to emission, ambient air, nuisance, water, sea water, wastewater and any other quality based on the continuing development of science and technology. Article 68 of the New Environmental Law stipulates that all businesses and activities shall adhere to the prevailing regulations regarding quality standards. The national quality standard regarding the environment is governed by Government regulation or ministerial decree and provincial or municipal governments are authorized to issue a regional regulation on regional/municipal quality standards. It is therefore important for companies to also review the local regulations on quality standards. The Government has set the applicable quality standards for each of the above aspects, in most instances requiring companies to report the monitoring of air emissions to the relevant Government Agencies. Technical guidelines have also been provided for implementing the specific standards and their monitoring obligations. Some examples of the emissions regulated are: (i) quality standards for air emissions from immovable sources; (ii) quality standards for different categories of water; and (iii) quality standards for domestic waste water. One of the relevant regulation that relates to the environmental quality standards in the oil and gas industry is the Minister of Environment Decree No. 19 of 2010 on the Waste Water Quality Standard for the Business and/or Activities of Oil and Gas and Geothermal. Any waste water produced from oil and gas and geothermal activity shall be in compliance with the standards as set out in such decree.

Sanction for violating the Quality Standards of Environment

Article 98 of the New Environmental Law provides that any deliberate violation of the applicable quality standards of ambient air, water, sea water or other criterion or standards of environmental damage will be subject to criminal sanctions in the form of imprisonment (with a minimum period of 3 years and a maximum period of 10 years) and a fine (with a minimum fine of Rp.3.0 billion and a maximum fine of Rp.10.0 billion). The amount of sanctions may be increased if the violation results in human injury or death.

Meanwhile, Article 99 of the New Environmental Law provides that violation of applicable ambient air, water or sea water quality standards by way of omission is subject to criminal sanctions in the form of imprisonment (with a minimum period of 1 year and a maximum period of 3 years) and a maximum fine of Rp.3.0 billion. The amount of sanctions may be increased if the violation results in human injury or death.

In addition to the above, a PSC contractor is also subject to other regulations that relate to specific environmental damage, e.g. the BP Migas (now SKK Migas) guideline on oil spills (Guidelines No. 005 of 2003). This guideline sets out the obligations of a PSC company in (i) preventing oil spills, e.g. preparation of equipment and establishment of emergency response training programs; and (ii) responding to an oil spill occurrence, e.g. notification and search and rescue obligations.

In general, an entity held responsible for an oil spill under the prevailing laws and regulations may be subject to three types of liabilities, criminal liability, civil liability and administrative sanctions. The New Environmental Law adopts the strict liability concept, in which a party will be strictly liable for losses resulting from the party's operations if such operation poses significant threats to the environment, uses hazardous and toxic substances and/or generates hazardous and toxic waste. Such strict liability directly and immediately arises upon the occurrence of the environmental pollution and/or damage. SKK Migas has established a specific task force that shall deal with oil spill occurrences. Specifically for the upstream oil and gas activity, a PSC contractor will also usually be subject to a general obligation to preserve the environment under a PSC, in addition to specific obligations such as abandonment and site restoration obligations. Under the PSC, the PSC Contractor shall pay for the abandonment and site restoration fund to be used as the funding for abandonment and site restoration activity at the end of the oil and gas activity in such working area.

HISTORY, ORGANIZATION AND CORPORATE STRUCTURE

History and Organization

We started our operations as a private Dutch company, Firma L.J.N. Eindhoven & Co. Gravenhage, in 1859. The Dutch entity was the first to introduce manufactured gas made from coal to Indonesia. In 1958, the Government assumed control of the entity and changed its name to Badan Pengambil Alih Perusahaan-Perusahaan Listrik dan Gas, becoming Badan Pimpinan Usaha — Perusahaan Listrik Negara (“BPU-PLN”) in 1961. On May 13, 1965, BPU-PLN was established as a state company and became known as Perusahaan Negara Gas (“PN Gas”). Pursuant to a subsequent Government Regulation No. 27 of 1984, PN Gas was converted into a public service enterprise under the name Perusahaan Umum Gas Negara. We became a limited liability company and adopted our current name in 1996. In 2003, we completed our initial public offering and our shares were listed on the JSX and the SSX. In 2007, the JSX and SSX merged and the name of the successor entity is the IDX. Currently, we have licenses to transport and trade natural gas in Indonesia pursuant to Law No. 22 of 2001 on Oil and Gas passed in 2001 (the “Oil and Gas Law”) and its implementing regulations. In 2011, we established two subsidiaries in order to engage in the upstream and downstream natural gas business, respectively.

The Government is our principal shareholder and held 56.97% of our outstanding common stock as of December 31, 2013. See “Relationship with the Government — Government as Shareholder” for additional details on our relationship with the Government.

In line with our strategic goal of establishing ourselves as a world class energy company in natural gas utilization, we started reorganizing our corporate structure in 2011 in order to achieve both a diversification of our businesses and an integration of our upstream, midstream and downstream businesses.

Our distribution network and facilities are geographically divided into three Strategic Business Units: (i) SBU Distribution Region I, which comprises Western Java including Jakarta and Bogor to South Sumatra (“SBU I”), (ii) SBU Distribution Region II, which comprises East Java (“SBU II”) and (iii) SBU Distribution Region III which comprises the Northern part of Sumatra, Pekanbaru and Batam Island (“SBU III”). Our transmission network and facilities are managed by one business unit (“SBU Transmission Sumatera and Java”) which manages our transmission network in South Sumatra and Java. They are operated by our subsidiary Transgasindo, which was established in 2001 and owns and operates our Grissik-Duri and Grissik-Singapore transmission pipelines.

Our subsidiary PGASKOM was established in January 2007 and operates our telecommunication business. It operates and manages our Indonesia-to-Singapore, Batam-Jambi-Grissik and Grissik Pagardewa-Terbanggi-Labuhan Maringgai, and Jakarta-Banten fiber optic networks which follow our transmission networks, principally by leasing our unused fiber optic capacity to other users in Indonesia and the region.

Our associate Nusantara Regas was established as a joint venture with Pertamina in April 2010. This affiliate is involved in the development and operation of the FSRU located in the Jakarta Bay area.

Our subsidiary PT Gagas Energi Indonesia was established in June 2011 and conducts downstream business activities with a focus on the management, transportation and inventory of natural gas.

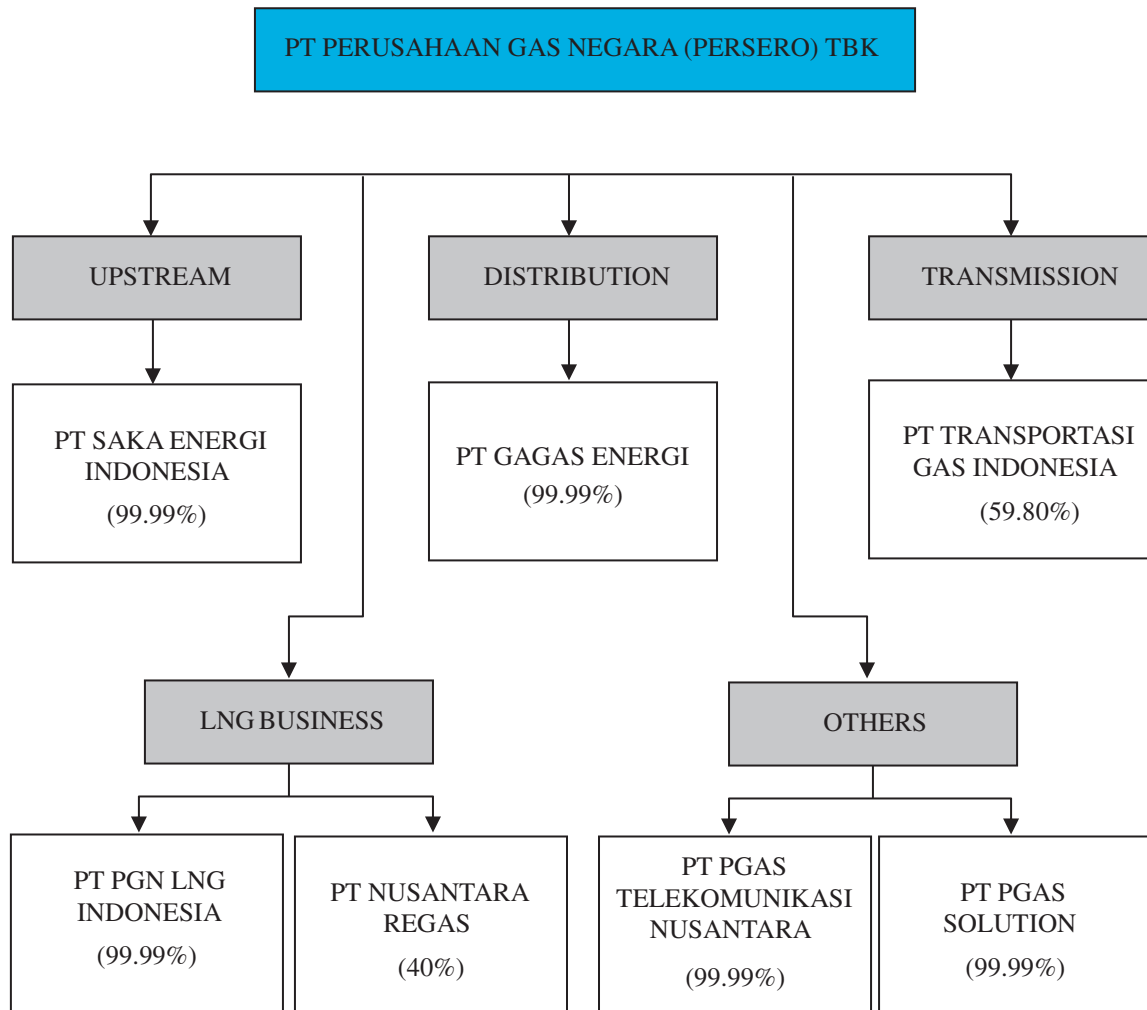
Our subsidiary PGASSOL was established in August 2009 and supports our core businesses by providing services relating to engineering, operation and maintenance and trade and construction.

Our subsidiary Saka was established in June 2011 and operates and makes investments in upstream business. Its activities comprise exploration and business expansion in oil and natural gas, geothermal and coal bed methane.

Our subsidiary PGN LNG was established in June 2012 and is expected to operate our FSRU in Lampung and manage the LNG business.

Corporate Organization

The following chart, which does not include certain non-material subsidiaries, shows our current corporate structure as at the date hereof and the percentage of equity interest beneficially owned by us in each of the entities included in the below chart:



BUSINESS

Overview

We are a leading integrated natural gas utility in Indonesia, with a dominant position in the natural gas downstream business with the largest distribution and transmission pipeline network in Indonesia. We recently expanded our natural gas integrated value chain by entering the upstream oil and gas business and developing FSRUs. Our core business, our downstream business, consists of our gas distribution segment and our gas transmission segment. Our gas distribution segment accounted for 92.3% of our net revenues in 2013 and involves purchasing natural gas from upstream gas suppliers and reselling it to industrial, commercial and residential customers through our distribution infrastructure. Our gas transmission segment accounted for 6.0% of our net revenues in 2013 and comprises downstream activities such as transporting natural gas owned by third parties, through our high-pressure transmission pipelines from upstream suppliers for delivery directly to customers of the upstream suppliers.

Our distribution and transmission networks represented approximately 6,000 km of pipelines as of December 31, 2013 and the average volume of natural gas we delivered through our distribution and transmission businesses was approximately 1,678 MMscfd in 2013. As of December 31, 2013, our distribution networks on the islands of Java, Sumatra and Batam represented 3,950 km of pipelines and, in 2013, these networks served 1,260 industrial customers, 1,717 commercial customers, and 88,613 residential customers. Our transmission networks, which comprise our Wampu-Belawan, South Sumatra-West Java, Grissik-Duri and Grissik-Singapore transmission pipelines, represented 2,047 km of pipelines. In 2013, we transported 854.2 MMscfd in our transmission pipelines. To secure and expand our natural gas value chain, we reorganized our corporate structure and, since 2011, we have been making strategic acquisitions and investments to accelerate the development of our LNG capacities and oil and gas upstream businesses, both of which we expect will help in securing natural gas supplies for ourselves and for our customers. Since then, our subsidiary Saka has taken participating interests in four oil and gas blocks in Indonesia and has become the operator of two of them, one of which has already started production.

Our leading position in the natural gas downstream business and our natural gas distribution and transmission network have allowed us to capture a substantial part of Indonesia's growing demand for natural gas. Demand for natural gas in Indonesia has been growing steadily, in part as a result of the reduction of fuel oil governmental subsidies, which began in 2001, and the Government's initiatives to increase the attractiveness of natural gas as an alternative energy source. Increased use of natural gas is aligned with Indonesia's strategy to reduce dependence on oil, ease the financial burden of fuel subsidies and strengthen national energy security. Since 2011, demand for natural gas has generally been significantly higher than supply, except in certain regional markets. To promote the use of natural gas and ensure that the domestic energy needs of the industrial, commercial, and household sectors can be satisfied, the Government has established the 2010-2025 Master Plan for the National Integrated Transmission and Distribution Network (the "Master Plan"), which outlines its policy to build and develop transmission and distribution pipelines of natural gas in several parts of Indonesia and strengthen Indonesia's transmission and distribution network. This Master Plan also identifies key strategic areas of development such as the upstream sector, city gas networks, development of LNG capacities and implementation of third-party open access to certain segments of the transmission and/or distribution network. We believe the Government's plan presents us with a unique business opportunity to reinforce our core business by maintaining our strategic alignment with the Government's policies. As of December 31, 2013, the Government also held 56.97% of our outstanding shares and a Special Share with special voting rights, as further described under the heading "Relationship With the Government."

In order to create synergies with the Government's policy of supporting domestic use of natural gas, we developed a long-term strategic plan for the period from 2010 to 2020 and a corporate business plan for the period from 2014 to 2018, which both aim to diversify our business. We have pursued the diversification of our downstream interests, including, for example, our natural gas-powered vehicles and the launch of Indonesia's first-ever mobile gas refueling units. We are also developing our natural gas trading business along the natural gas value chain through cooperation with regionally owned enterprises and other natural gas traders to support the supply, distribution and transportation of natural gas. We will continue exploring investments and cooperation opportunities in productive oil and gas concessions and unconventional gas in the future to strengthen and diversify our supply portfolio and our exploration and production activities. Our objective is to complement and diversify our supplies by fully integrating our upstream business into our existing core distribution and transmission business segments and, therefore, to use our own production activities to supply our downstream businesses. Our safety and quality control teams, which focus on the reliability and safety of our supplies, product and equipment all along our natural gas value chain and our sales and marketing teams, which actively market our products and deliver technical services to our existing and prospective customers, support the integration of our upstream, midstream and downstream businesses.

For the year ended December 31, 2013, we had net revenues of US\$3,001.5 million, gross profit of US\$1,418.0 million and EBITDA of US\$1,120.7 million. Over the same period, our distribution and transmission segments together represented US\$2,950.0 million in revenues, or 98.3% of our revenues.

Competitive Strengths

We believe the following competitive strengths distinguish us from our competitors and are critical to the continued successful execution of our strategy.

We are the leading natural gas distribution and transmission service provider in Indonesia's growing gas utilities business

We estimate that our distribution business market share was approximately 79.0%, 83.0% and 87.0% in 2013, 2012 and 2011, respectively, on a volume basis, of Indonesia's gas distribution business. This leading position is supported by our distribution and transmission infrastructure which is Indonesia's largest distribution and transmission pipeline network. Our existing pipeline network is approximately 6,000 km in length, strategically connects natural gas fields with areas of natural gas consumption and covers major urban centers in Indonesia and areas of high concentration of industrial customers (including power plants). In 2013, our distribution business served 1,260 industrial customers, 1,717 commercial customers, and 88,613 residential customers, accounting for 97.1%, 2.6% and 0.2% of our total volume of natural gas supplied in 2013, respectively.

We were a public service company until 1996 when we became a limited liability company and were given a license to distribute and transport natural gas in Indonesia. Considering our experience in the Indonesian natural gas downstream sector, strong relationships with regulators, customers and suppliers, our marketing capability, our bargaining power, and extensive network and infrastructure, we believe we have strong competitive advantages. Consequently, we believe that we will be able to sustain our leading position in the Indonesian gas distribution and transmission sector and are well-positioned to benefit from the expected growth of this sector.

We are well-positioned to benefit from favorable industry fundamentals with sustained and visible growth

The Indonesian natural gas industry benefits from significant growth opportunities due to competitive market prices, strong and growing domestic demand for natural gas supported by governmental policies and the Government's objective to decrease Indonesia's dependence on oil.

According to Wood Mackenzie, domestic demand for natural gas is projected to increase by 48.2% between 2012 and 2016, due in particular to favorable macro-trends such as population growth, increase in gross domestic product, new areas likely to be connected to natural gas distribution and transmission networks and other industry and economic conditions. Indonesia's demand for natural gas currently generally exceeds supply, particularly in certain areas of high concentration of industrial users of natural gas, such as West Java and North Sumatra. Wood Mackenzie expects gas consumption in the Indonesian power sector to rise in the near term as a result of delays in coal-fired power plant facilities, and foresees increased demand for gas from refineries and other industries in Java and Sumatra as a result of an expanding gas distribution network. With our existing networks and the development of our LNG facilities, we believe we have key assets to benefit from these favorable industry fundamentals.

Further, considering our strategic position in the Indonesian natural gas transmission and distribution sector and our strategic alignment with the Government's infrastructure and energy policies, we believe we are critical to the implementation of such policies. We have Indonesia's largest natural gas transmission and distribution network, which we believe is key to the Government's Integrated Gas Pipeline projects and its objective to reduce Indonesia's dependence on oil. Since 2012, we have been encouraged by the Government to develop the infrastructure and technology needed for increasing access to, and penetration rates of, natural gas in Indonesia.

We consider these macroeconomic trends and political and regulatory environment as significant opportunities for sustained and visible growth and we intend to seize the related business opportunities by expanding our existing distribution and transmission networks and increasing our oil and gas exploration, development and exploitation activities.

We have a proven track record in securing natural gas supplies

We have established a robust portfolio of natural gas suppliers with whom we have long-term and short-term natural gas sale and purchase agreements, including major upstream producers such as Pertamina, ConocoPhillips and Santos. We have gas sale and purchase agreements with 13 domestic operators representing a total aggregate volume of 4.6 Tcf at various maturities ranging from 2017 to 2023, and in 2013 and 2014 signed gas sale and purchase agreements with Nusantara Regas, PT PDPDE and Pertamina in relation to gas supply of up to 15.6 Bscf. Our extensive distribution grid with multiple delivery points for our natural gas suppliers also allows us to steadily maintain our natural gas delivery to customers by adjusting volumes sourced from our suppliers even when one or more of them are unable to deliver contracted volumes as anticipated or on schedule. In addition, in an effort to decrease Indonesia's dependence on fuel oil, natural gas upstream producers in Indonesia have an obligation to supply at least 25% of their natural gas production to the domestic market, which should increase volumes of natural gas available domestically. In 2013, we extended existing gas sale and purchase agreements and signed new gas sale and purchase agreements with new suppliers representing up to 0.142 Tcf. Further, we are pursuing the diversification of our natural gas supply portfolio with our investment in oil and gas blocks through Saka which has already taken participating interests into four such blocks since 2013 and is the operator of two of them. Finally, we and our subsidiary PGN LNG have entered into LNG master sales and purchase agreements with international LNG suppliers for the supply of our FSRU and future LNG facilities under construction. We expect the development of our LNG business, diversification of our portfolio of suppliers and, in the longer term, securing new volumes of natural gas from our upstream businesses will drive our gas distribution volume and revenue growth.

We generate stable cash flow and maintain a strong financial profile

We predominantly purchase the natural gas we distribute under long-term supply contracts with scheduled off-take volumes and stable natural gas pricing levels. These volumes are predominantly on-sold to industrial customers which accounted for approximately 97.0% of our sales volumes in the year ended December 31, 2013. Our natural gas sales prices include certain components that are pass-through charges for natural gas costs to our customers, so that our revenue and margins have

historically not been materially affected by changes in the price of natural gas. Our transmission revenues are generally independent of natural gas volume throughput because most of these revenues are derived from long-term “ship-or-pay” transportation agreements from which we receive U.S. Dollar-based transportation fees for contracted capacity volumes. In addition, our infrastructure assets generally have long lives and are capable of generating cash flows over the long term. We have achieved stable EBITDA levels over the past three years at US\$1,092.9 million, US\$1,209.2 million and US\$1,120.7 million as of December 31, 2011, 2012 and 2013, respectively, and have achieved strong financial ratios that we believe compare favorably with our utility peers.

We have an experienced management team

Our management team has extensive experience in the oil and gas industry and members of our Board of Directors have on average over 16 years’ experience developing and operating our core gas distribution business. Our management team has successfully developed our existing distribution and transmission businesses and is focused on developing and implementing our core strategies. We believe we have the knowledge and skills necessary to successfully and safely manage all of our assets and operations and expand our existing footprint and enter into new oil and gas upstream activities and the LNG sector as opportunities arise.

Strategies

We aim to become a prominent natural gas company in the Asia-Pacific region with (i) an integrated nationwide distribution and transmission network and (ii) a strong presence across the natural gas value chain. We seek to realize this goal through the following strategies:

We aim to further secure and diversify our supply of natural gas from existing and new sources

Gas demand in Indonesia is primarily driven by the industrial, power, transportation, residential, commercial and agricultural sector and we expect the domestic Indonesian natural gas market to generally be undersupplied for the foreseeable future. Therefore, we believe our future growth will depend on our ability to capture such growing domestic demand by further securing, diversifying and increasing our supply of natural gas.

We plan to increase our total supply of locally sourced natural gas by entering into additional natural gas purchase contracts with existing and new domestic natural gas suppliers. To further solidify our supply chain and meet increased domestic demand, we also intend to secure greater supplies of natural gas from our own assets by taking direct participating interests in oil and gas upstream assets at producing or advanced development stages, particularly from strategically located fields in Indonesia. For instance, our subsidiary Saka has taken participating interests in four oil and gas blocks in Indonesia and has become the operator of two of them, one of which has already started production. We will also diversify our supplier base by sourcing additional volumes of LNG from both domestic and international suppliers. In the longer term, we will also seek to develop alternative natural gas sources, such as shale gas, tight gas and coal bed methane, and develop our ability to transfer additional volumes of compressed natural gas (“CNG”).

We will seek to expand our customer base to secure strong and stable demand for natural gas

Increased domestic demand for natural gas may originate from existing customers and new customers converting to natural gas in areas where we already supply natural gas or in new geographic areas. In respect of our existing portfolio of customers, we plan to pursue a proactive program to implement various initiatives to maintain our leading market position with a focus on providing high-quality services. We plan to continue our efforts to grow our customer base in areas where we may serve new customers, such as, for instance, in geographic areas where we have, or which are in the vicinity of, our existing distribution networks. Once we have successfully captured demand from these customers, we will target other areas of potential demand such as new high potential markets, including Central Java, Lampung and Dumai. We therefore intend to expand our existing networks in

response to the continuing conversion of retail, commercial and industrial customers to natural gas. In 2013, we launched a number of initiatives to maintain and improve our relationship with existing customers and acquire new customers, such as (i) the establishment and development of our “PGN Contact Center” to respond to customer questions and address their issues efficiently, (ii) holding customer gatherings to strengthen effective communication channels and (iii) market education to foster closer relationships.

We intend to improve and develop our infrastructure

With Indonesia’s largest distribution and transmission pipeline network comprising primary and secondary pipelines that represented approximately 6,000 km in length as of December 31, 2013, and considering the high amount of upfront capital expenditures and investments necessary for developing new pipeline networks, we believe our distribution and transmission assets constitute a substantial entry barrier to potential new market participants. We plan to improve existing infrastructure and continue to develop new infrastructure, which we intend to be connected to the current market and future development of gas supply. We will seek to carefully select and manage our development projects to ensure new projects are completed within budget and on time.

In addition, we currently have several expansion projects relating to our transmission pipelines, such as new city gas distribution networks, West Java Ring Line 1 and Ring Line 2 distribution network expansions, which are intended to accommodate increased potential demand from existing and potential new customers in the Priok, Bitung, Depok, Bogor and greater Jakarta area. We also intend to expand our LNG business. In addition to our joint venture operations with Pertamina at the Nusantara Regas Satu FSRU, we are developing a new LNG regasification terminal in Lampung through our subsidiary PGN LNG, which is expected to be commissioned in 2014.

We seek to diversify along the natural gas value chain

While increasing the contribution of existing businesses, we are planning to strategically monetize new opportunities. The Indonesian gas sector is undergoing several structural changes with the exploration and production of unconventional gas and expansion of LNG trading. The high-capital intensity, the need for technical innovations and supply security incentivizes further integration through new partnerships, value chain expansion and the upstream expansion of utilities with a focus on asset utilization rates, inventory and supply chain management. The development of LNG projects which are capital intensive and require the deployment of innovative technologies constitutes another area of greater vertical integration.

In order increase supply chain flexibility and address growing natural gas demand along the value chain, we aim to expand our upstream, midstream and downstream businesses and further integrate all such businesses. We are seeking to reach customers located beyond our existing pipelines by offering LNG sourced from our existing FSRU terminal (in partnership with Pertamina) and our planned LNG facilities in Lampung. We also intend to procure equipment for transporting compressed natural gas, develop our recently established Mobile Refueling Units (“MRUs”) network in Jakarta and build gas filling stations in Jakarta, Bogor Sukabumi, Surabaya, and Perawang (Riau). We also plan to expand our city gas distribution network to new areas to target power plants, small industrial, commercial, transportation and residential customers in these areas. We believe this diversification strategy will broaden our coverage of market opportunities along the natural gas value chain and create added value along our existing gas transportation networks.

We will focus on increasing operating efficiency and exploiting technology advancement

We are committing resources to improve the quality of our technical services, maintenance, operation and monitoring systems and the safety of our natural gas distribution assets. We seek to improve our customer satisfaction by proactively managing our accounts, such as through our Account Executives and Technical Services teams. While implementing our expansion strategy through the entire natural gas value chain, we continue to focus on safety and the reliability of our natural gas supply and transportation.

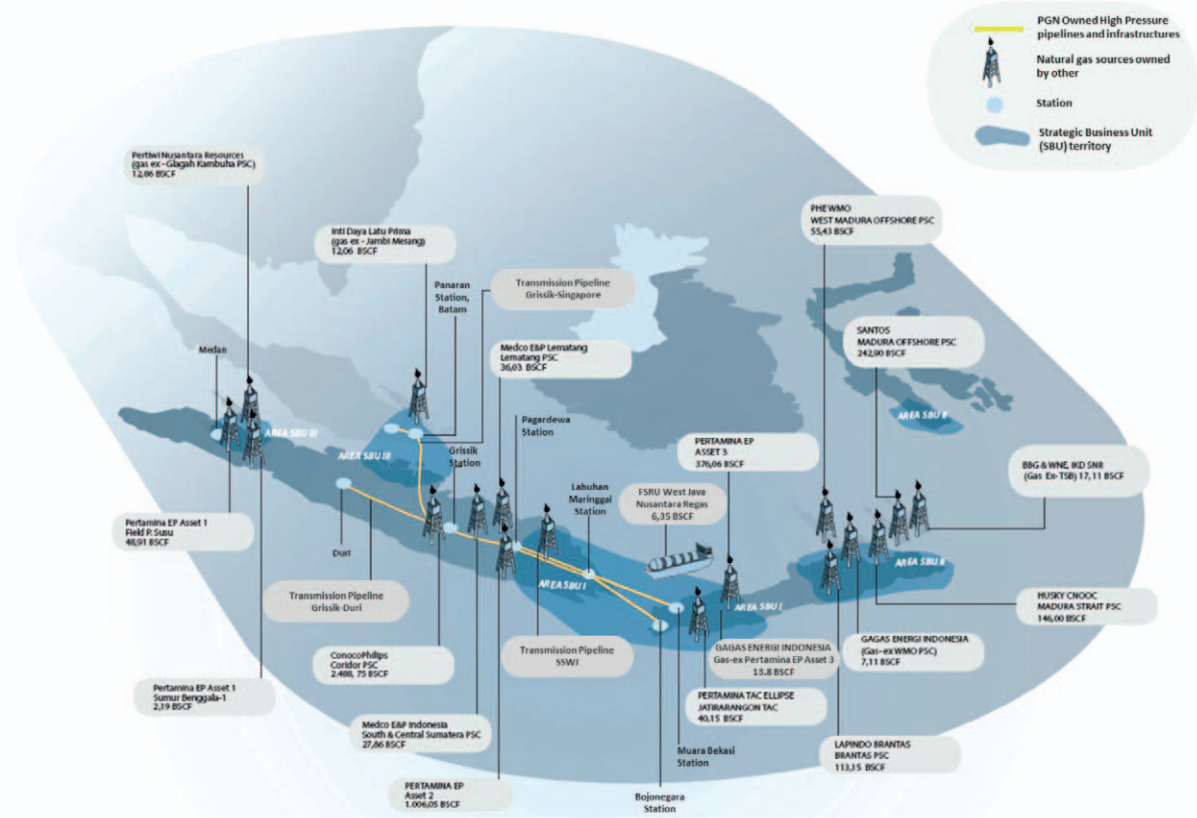
We are pursuing group-wide initiatives to ensure that best-in-class systems and practices are utilized to further streamline our business processes, reduce our costs, optimize energy utilization and maintain high utilization rates for our assets. We are pursuing development opportunities that leverage existing assets and utilize the depth of our comprehensive asset management and operational expertise. We believe we can achieve these goals by exploiting new technologies.

For instance, we are in the process of implementing our prepaid metering system for all our residential customers and, if successful, will seek to apply the same system to our small industrial and commercial customers in the future. We believe the use of this technology will increase our operational efficiency and customer satisfaction. In respect of our infrastructure, we will seek to install non-metallic pipelines for portions of our networks which are subject to extreme conditions, such as in high corrosion areas, in order to increase the reliability of our networks and operations.

Overview of Our Downstream Networks

We have a strong market position in natural gas distribution to our industrial, commercial and residential customers, and natural gas transmission to shippers and off-takers. Our pipelines facilities, which include both primary and secondary pipelines in our distribution and transmission networks, are approximately 6,000 km in length, comprising Indonesia's largest distribution and transmission pipeline network.

Our current pipeline facilities, distribution area and sources of gas as of December 31, 2013, are shown below:



Our Natural Gas Distribution Business

Overview

Our distribution business involves purchasing natural gas from upstream gas suppliers and reselling it to industrial, commercial and residential customers through our distribution infrastructure. Our distribution business therefore comprises natural gas distributing and trading activities. This business segment is our most significant source of revenues and represented 91.7%, 91.8% and 92.3% of our consolidated net revenues in 2011, 2012 and 2013, respectively. As of December 31, 2013, our distribution business had 1,260 industrial customers, 1,717 commercial customers, and 88,613 residential customers, accounting for 97.0%, 2.7% and 0.2% of our total volume of natural gas supplied in 2013, respectively. We are also developing our natural gas trading business along the natural gas value chain through cooperation with regionally owned enterprises and other natural gas traders to support the supply, distribution and transmission of natural gas.

We source our natural gas from gas fields located in Indonesia which are either directly connected to our distribution network or are connected to our distribution networks through off-take stations. This natural gas can be transported through our transmission network or other parties’ open access transmission networks under pressure ranging from 400 - 1,100 psi. Our distribution networks are divided into three categories that operate under different pressure and are separated by pressure reduction stations. The first category comprises high-pressure networks (operated from four to 16 bar pressure) that are used to distribute natural gas to power stations and certain other large industrial customers, the second category comprises medium-pressure networks (operated from 0.1 to four bar pressure) that are used to distribute natural gas to industrial customers and the third category comprises low-pressure networks (operated under 0.1 bar pressure) that are used to distribute natural gas to residential and small commercial customers.

Existing Distribution Infrastructure

We have distribution networks on the islands of Java, Sumatra and Batam with a combined 3,950 km of pipelines. Our distribution networks are concentrated in major cities and urban centers.

The following table shows the growth of our distribution infrastructure since 2011:

	As of and for the year ended December 31,		
	2013	2012	2011
Network length (km)	3,950	3,865	3,836
Average gas sales (MMscfd)	823.8	807.2	795.3

Since 2011, domestic demand for natural gas has generally been higher than available supply, except for limited exceptions in specific areas, such as in East Java, which has experienced an oversupply situation since the end of 2012. This supply/demand imbalance required us to allocate quantity of natural gas supplied to our customers. In order to allocate quantities of natural gas efficiently, monitor the supply and demand imbalance, and encourage our clients not to consume more natural gas than they had been allocated, we charged a premium price to customers on quantity of natural gas used in excess of their allocated quantity. This situation changed in 2013, as the supply quantity of natural gas increased and natural gas allocations were scaled back, eventually eliminating natural gas sales with premium prices in the future.

The operating areas of our distribution business cover major cities and urban centers and include Jakarta, Bogor, Bekasi, Banten, Karawang, Cirebon, Palembang, Surabaya, Sidoarjo, Pasuruan, Medan, Pekanbaru and Batam. The following table shows our distribution networks as of December 31, 2013:

	Year commenced operation	Length (km)
Jakarta	1979	564.79
Surabaya	1994	420.88
Medan	1985	604.42
Bogor	1980	589.22
Cirebon	1980	399.12
Palembang	1974	153.57
Bekasi	1989	321.81
Banten	1983	345.57
Karawang	1996	122.37
Sidoarjo	1996	200.69
Pasuruan	1996	147.96
Pekanbaru	2005	12.69
Batam	2005	67.15
Total		<u>3,950.25</u>

To improve the effectiveness and efficiency of our natural gas distribution, we manage our distribution business by Strategic Business Unit (“SBU”). These SBUs were established in 2002. In September 2013, we restructured our SBU distribution areas to optimize sales and better address the needs of our customers. Each SBU has its own regional headquarters, which manage the business of each branch and are responsible for reporting to our headquarters in Jakarta.

SBU I (Western Java). SBU I covers Jakarta, West Java, Banten, South Sumatra and Lampung with administrative activities in Jakarta, Banten, Bogor, Cilegon, Tangerang, Bekasi, Karawang, Cirebon, Palembang and Lampung (which we expect will commence operations in the second quarter of 2014). In 2013, SBU I represented approximately 72% of the volumes distributed through our distribution network.

Jakarta, West Java and Banten are Indonesia's largest domestic natural gas markets. These are areas where our largest distribution network measured by pipeline length, capacity and throughput is located. Demand for natural gas within Jakarta, West Java and Banten is relatively high. Natural gas supply for Jakarta, West Java and Banten is mainly sourced from the Corridor Block at Grissik (which is operated by ConocoPhillips (Grissik) Ltd.) and PT Pertamina EP's gas field at Pagardewa, South Sumatra.

SBU II (Eastern Java). SBU II covers Surabaya, Gresik, Sidoarjo, Mojokerto, Pasuruan, Probolinggo and Semarang, and conducts administrative activities in Surabaya, Sidoarjo, Pasuruan and Semarang. In 2013, SBU II represented approximately 17.0% of the volumes distributed through our distribution network.

Surabaya and its surrounding areas are where our second largest distribution network is located for the supply of natural gas to industrial, commercial and residential customers. The natural gas supply is mainly sourced from the Maleo Field, which is operated by Santos, and from the Terang Sirasun Batur Field, which is operated by Kangean Energy Indonesia Ltd.

SBU III (Northern Sumatera). SBU III covers North Sumatra, Batam, Pekanbaru and Dumai, with administrative activities in Medan, Batam, Pekanbaru and Dumai (which we expect will commence operations in 2015). In 2013, SBU III represented approximately 11.0% of the volumes distributed through our distribution network. The natural gas supply is mainly sourced from ConocoPhillips (Grissik) Ltd.

Plans for Distribution Network Expansion

We are currently expanding and strengthening our Western Java distribution network with the Ring Line I and II projects. The Ring Line 1 project is a 45 km pipeline from Muara Karang to Muara Bekasi that is expected to be completed in 2015. The Ring Line 2 project will connect Bitung and Cimanggis with a 89 km pipeline, and is expected to be completed in 2016. We are also expanding our business into new distribution areas, such as Lampung, Central Java and Dumai. We are currently constructing the Lampung main distribution line, which will connect our Gas Receiving Station in Labuan, Maringgai to Bandar, Lampung with an approximately 90 km pipeline. The Lampung main distribution line is expected to be completed by the end of 2014.

We continue to develop natural gas infrastructure to meet demand from industrial customers and other purposes in areas beyond our existing natural gas distribution pipeline network. We are developing our offering of compressed natural gas with investments in fuel gas filling stations ("SPBG") and mobile refueling units ("MRU"). MRUs are modified tractor trailer vehicles equipped with CNG storage tanks and the necessary pumps, compressor dispenser systems and other equipment necessary to deliver CNG into individual customers' vehicles. For example, we have recently developed and plan to continue developing SPBGs and MRUs in greater Jakarta. The key advantage of the MRUs is their versatility as they can be moved around as needed, or placed in a container and stationed close to a customer's premises. One unit has been operated in Jakarta and four units have already been deployed in other areas, and, with the encouragement of the governor and regional government of Jakarta, we plan to mobilize more units going forward. Further, we plan to build 14 additional SPBGs in Jakarta, Bogor, Sukabumi, Surabaya and Perawang (Riau). For details of our capital expenditure plans, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Expenditure."

Natural Gas Supply

To sustain our distribution business, we aim to secure a diversified portfolio of natural gas supply sources from existing and new suppliers and, once our upstream businesses have started production, from the gas production facilities that we operate. We are actively seeking to obtain new gas supplies from areas located in the proximity of our existing infrastructure and oil and gas blocks that are already in or close to entering in production stage. We purchase natural gas from several suppliers. We have long-term supply contracts with our main suppliers, namely ConocoPhillips (Grissik) Ltd., PT Pertamina EP, Santos (Madura Offshore) Pty. Ltd., and Medco E&P. These long-term suppliers are supplemented by additional producers and suppliers with which we enter into supply contracts, whose terms vary depending on our needs. Although prices of natural gas may vary from year to year and from regional market to regional market, we have generally been able to pass these cost increases onto our customers over a period of time. The prices we pay for our gas supply are negotiated under our gas sale and purchase agreements. See “Risk Factors — Risks Relating to our Business — We may not be able to secure additional supplies of natural gas to meet expected demand.”

Our gas sale and purchase agreements with suppliers generally have a duration that ranges from one to twenty-two years and many of the agreements have reasonable endeavors clauses in relation to annual delivery of natural gas. The quantity of natural gas supplied under each of our gas sale and purchase agreements is fixed, while the purchase price (generally in U.S. Dollar) is either (i) fixed for the term, (ii) set for the early years of the agreement with prices in later years to be determined by subsequent agreement between the parties or (iii) set in the initial year and subject to escalation in later years. Factors taken into account when negotiating purchase prices include contracted quantities, take-or-pay clauses and market pricing estimates, including consideration of competitive natural gas substitutes such as fuel oil. The take-or-pay provisions in our gas sale and purchase agreements are typically subject to make-up rights, allowing us to require our suppliers to deliver, without additional charge, or with an additional charge if there is a difference between the prevailing natural gas price at the time take-or-pay quantities were paid and the natural gas price prevailing at the time make-up quantities are taken, natural gas we paid for in previous years but did not take, once the minimum quantity for the relevant period has been reached and subject to certain limits. In most of our networks, our demand for natural gas under our gas sale and purchase agreements has generally exceeded the take-or-pay clauses in the financial years ended December 31, 2011, 2012 and 2013. Except for East Java in 2012 and 2013 where there was a situation of oversupply, our demand was generally below the applicable contractual take-or-pay quantity. We have been required to provide security to suppliers in the form of standby letters of credit for each of our gas sale and purchase agreements. Some of our gas sale and purchase agreements also include reserve clauses, which guarantee dedicated reserve quantities which the supplier must set aside to be sold to us. See “Risk Factors — Risks Relating to our Business — We depend on natural gas sale and purchase agreements that must be renewed or extended periodically.”

As of March 31, 2014, we had the following gas sale and purchase agreements:

Suppliers	Gas Field	Volume	Terms	
			Start	End
PT Pertamina EP	DOH South Sumatera	2,343 Bscf	December 17, 1999	October 8, 2012 ⁽¹⁾⁽²⁾
PT Pertamina EP	- Oil and gas field of PT Pertamina EP working area asset 1	7 MMscfd	April 4, 2002	March 31, 2014 ⁽²⁾
	- Arbei field, Gebang Block	1.5 MMscfd		
PT Pertamina EP	Bengala-1 North Sumatera	2 MMscfd	October 23, 2013	April 22, 2014 ⁽²⁾

Suppliers	Gas Field	Volume	Terms	
			Start	End
PT Pertamina EP	Oil and gas field of PT Pertamina EP Java Region, West of Java	Delivery Point Randegan: 2.5 MMscfd Delivery Point Sunyaragi: 2 MMscfd	April 4, 2002	March 31, 2014 ⁽²⁾
PT Pertamina EP	DOH South Sumatera	1.006 Tscf	June 26, 2003	December 31, 2025 ⁽¹⁾
PT Pertamina EP	Jatirarangan	40,150 BBtu	July 26, 2004	October 18, 2014 ⁽¹⁾
ConocoPhillips (Grissik) Ltd.	Corridor Block	225 TBtu	January 1, 2005	January 1, 2020 ⁽¹⁾
ConocoPhillips (Grissik) Ltd.	Corridor Block	2,310 TBtu	February 1, 2007	September 30, 2023
ConocoPhillips (Grissik) Ltd.	Corridor Block	65.80 TBtu	December 12, 2004	December 11, 2019 ⁽¹⁾
ConocoPhillips (Grissik) Ltd.	Corridor Block	12.50 BBtud	June 1, 2010	May 31, 2015
Lapindo Brantas, Inc. . .	Wunut Field	112.58 Bscf <i>(until December 31, 2011)</i> Entire output volume <i>(since January 1, 2012)</i> ⁽³⁾	December 29, 2003	December 31, 2015
Santos (Madura Offshore) Pty. Ltd., PC Madura Ltd., dan PT Petrogas Pantai Madura	Maleo field	Entire output volume ⁽⁴⁾	July 14, 2007	July 13, 2019
PT Medco E&P Indonesia (MEI).	South and Central Sumatera PSC Block	41,900 BBtu	December 8, 2009	October 15, 2014 ⁽¹⁾
PT Bayu Buana Gemilang (BBG)	Terang Sirasun Batur Field	22.74 TBtu	June 7, 2012	December 31, 2020
PT Walinusa Energi (WNE).	Terang Sirasun Batur Field	32.43 TBtu	June 6, 2012	December 31, 2020
PT Inti Daya Latu Prima (IDL P).	Jambi Merang Block	5 BBtud ⁽⁵⁾	September 15, 2012	February 9, 2019
PT Indogas Kriya Dwiguna (IKD)	Terang Sirasun Batur Field	20 BBtud	May 28, 2012	December 31, 2020
PT Sadikun Niagamas Raya (SNR).	Terang Sirasun Batur Field	40.6 TBtu	June 8, 2012	December 31, 2020
PT Nusantara Regas . . .	Mahakam PSC	2,000 BBtud	March 10, 2012	June 15, 2014

Notes:

- (1) Or until the contracted quantity is delivered, whichever comes first.
- (2) As at the date hereof, the gas sale and purchase agreements are being negotiated to, among other things, extend their respective terms.
- (3) The entire natural gas output from the Wunut Field must be offered and sold by the supplier to us.
- (4) The estimated commercially recoverable reserves of the Maleo Field are 351 Bcf.
- (5) Daily contract quantity since January 1, 2014 until February 9, 2019.

Distribution Customers

Our distribution customers are categorized in three segments:

- *Industrial customers*: this category includes manufacturers of chemicals, ceramics, basic metals, fabricated metal, pulp and paper, glass, wood, cement, as well as mills and power plants; this category of customers contributed 89.7%, 89.5% and 89.5% of our consolidated net revenues in the years ended December 31, 2011, 2012 and 2013, respectively. Our industrial customers are located in areas managed by SBU I, SBU II and SBU III.
- *Commercial customers*: this category includes small or medium enterprises, health centers, hospitals, universities, government offices, business districts, shopping malls, hotels, restaurants, gas fueling stations and other commercial enterprises; this category of customers contributed 1.7%, 2.0% and 2.5% of our consolidated net revenues in the years ended December 31, 2011, 2012 and 2013, respectively. Our commercial customers are primarily located in areas managed by SBU I and SBU III.
- *Residential customers*: this category includes houses, flats, condominiums and apartments; this category of customers contributed 0.3%, 0.2% and 0.2% of our consolidated net revenues in the years ended December 31, 2011, 2012 and 2013, respectively. Our residential customers are primarily located in areas managed by SBU I and SBU III.

The following table sets out a breakdown by revenue contribution of our distribution customers by category for each of the three years ended December 31, 2013, 2012 and 2011:

	Year Ended December 31,					
	2013	(%)	2012	(%)	2011	(%)
	(US\$ million, except where otherwise noted)					
Categories of Customers:						
Industrial	2,687.6	97.0	2,310.2	97.5	2,000.1	97.8
Commercial	75.1	2.7	50.5	2.1	38.5	1.9
Residential	5.4	0.2	5.5	0.2	6.0	0.3
Gas Fuel (SPBG)	1.6	0.1	3.7	0.2	1.3	0.1
Total	<u>2,769.7</u>	<u>100.0</u>	<u>2,369.9</u>	<u>100.0</u>	<u>2,045.9</u>	<u>100.0</u>

Industrial Customers. The sales price for the volume of natural gas supplied is agreed with our customers for the duration of the gas sales and purchase agreement and a minimum and maximum sales quantity is specified. The customer must pay for the minimum specified quantity of natural gas even if it does not take such natural gas and higher sales prices apply if the customer takes more than the contracted maximum quantity. The take-or-pay provisions are not subject to make-up rights, meaning that if our customers are required to pay for, but are unable to take delivery of, any contracted quantities, we are not required to deliver natural gas without payment in respect of such shortfall in

subsequent periods. Historically, we have been able to pass onto our customers any change in purchase price of gas that we pay to our suppliers. Sales prices for the natural gas distributed by us include a U.S. Dollar component and a Rupiah component. The U.S. Dollar component serves to “pass through” to our customers the purchase price we pay (also in U.S. Dollar) to the upstream supplier and associated costs and, subject to timing differences between settlement of supply and distribution contracts, we believe this provides a partial currency hedge for us. The Rupiah component serves to recover our operating and capital costs (notwithstanding that some of these costs may have a U.S. Dollar component). Both the U.S. Dollar and Rupiah components incorporate a profit margin.

Until April 2013, and except in respect of certain offtakers such as power plants, with which we may have entered into ten-year contracts, we generally entered into two to three year contracts with our industrial customers. Starting from April 2013, our new contracts allowed industrial customers to enter into contracts for up to five years. The terms of these contracts can be extended upon three-months’ prior notice before expiration of the contracts. We expect this to help us reduce the mismatch in maturities with our gas sale and purchase agreements with our suppliers, whose terms generally range from medium to long term.

We estimate that our five largest customers accounted for approximately 30.4% of our natural gas distributed by quantity for the year ended December 31, 2013. Over the last three years, we have not experienced difficulties collecting material trade receivables from our major industrial customers.

Residential and Commercial Customers. In terms of quantity, residential and commercial customers are not on fixed-term contracts. These customers pay an initial deposit and are billed monthly in Rupiah for the natural gas consumed based on monthly meter readings. In addition, commercial customers sign a one-time contract requiring a fixed minimum daily average consumption quantity. We have the right to disconnect the service to delinquent customers. However, for the overdue accounts of our industrial customers, we prefer to work with our customers to find mutually beneficial solutions. Penalty interest, accrued daily, is charged on all outstanding amounts.

We determine the gas sales prices charged to our residential and commercial customers. Sales prices are determined based on several factors, including the regional cost of gas, customer purchasing power and prices of substitute fuels. Charges for industrial and commercial customers are based on actual gas usage on a per cubic meter basis and/or per energy unit (MMBtu) and vary depending on the location of the distribution network and the type of customer, but are subject to our minimum usage policy and thresholds. Historically, we have been able to pass through to our customers cost of gas increases from our suppliers in each region. Meanwhile, prices for residential customers are regulated and determined by BPH Migas.

Distribution Network Operation and Maintenance

Our distribution network comprises off-take stations, sub-stations, odorization systems and pipelines. Odorization systems are used for the low-pressure networks and introduce odor into the gas distributed in order to aid leak detection. Pipelines consist of pipes of either steel or polyethylene construction. Steel is used for the high- and medium-pressure pipes and has a life of approximately 30 to 40 years. Steel pipes are coated with anti-corrosion protection and also receive cathodic protection. Polyethylene pipes are used for lower pressure distribution and have a life of approximately 50 years. Pipelines which are above ground have shorter lives due to exposure to the weather, although they are easier to replace. Once natural gas has been received in our distribution network, it travels through our high-pressure pipelines. Branching from high-pressure pipelines are medium- to low-pressure pipelines which are used to deliver natural gas to our customers.

Our maintenance department conducts regular monitoring and maintenance of the network using, among other things, ultrasonic testing equipment to assess the integrity of the pipelines. All pipelines are physically checked at least once every three months. In addition, a computer-modeled “fitness for purpose” analysis of all pipelines is kept constantly updated. This allows us to predict when pipeline sections will need replacing based upon a statistical analysis of factors such as the age and physical

characteristics of the pipeline, its operational history, any past damage and data from physical inspections. We have not experienced any substantial maintenance and repairs issues in the last three years. In addition, we do not require complete shutdowns of our pipeline networks to carry out routine maintenance and repair works.

Unlike oil or LNG, gas pipeline operations do not have gas storage facilities other than line-packed gas in pipelines. We monitor contracted natural gas supply and actual natural gas usage levels daily. Our operators work 24 hours a day to monitor actual gas delivery and report this information to our gas management control system room using a web-based system. Accordingly, we are able to detect any abnormal conditions.

Mechanical problems with the upstream suppliers' infrastructure or excessive system demand from customers may take place, which can lead to a reduction in pressure and a potential decrease in natural gas supply. In such situations, we maintain or set a stable short-term supply pressure by asking major customers who are using more than their contractual maximum volume to reduce their consumption temporarily to their contractual maximum, allowing all customers to receive their contracted volumes of natural gas. No such event materially has affected our distribution operation in the last three years. We have also recently installed a Supervisory Control and Data Acquisition (SCADA) system throughout our network, which enables us to remotely control gas deliveries.

Competition

Before the Oil and Gas Law became effective, we had a legal monopoly over gas distribution in Indonesia. We have distribution networks in most of the major urban and industrial centers of Indonesia and we estimate that our market share in 2013, based on total quantities delivered to end customers, was 79%. Although we enjoy a leading position in the Indonesian natural gas distribution sector, a number of competitors have developed their own pipeline networks. These competitors include Pertamina (through its subsidiary PT Pertamina Gas ("Pertagas")), and private gas traders such as ISAR Group, Energasindo Heksa Karya, Indogas Kriya Dwiguna and Sadikun Niagamas, Bayu Buana Gemilang, some of which have developed their own dedicated distribution networks to supply their customers. In addition, certain local or regional state-owned gas aggregator companies such as BUMD Batam, BUMD Riau and BUMD South Sumatera may also compete with us in specific areas. Competition in the Indonesian natural gas sector varies from region to region and currently tends to be more intense in Eastern Java.

Under the Oil and Gas Law upstream and downstream activities are required to be unbundled. Nonetheless, it does not prohibit common ultimate ownership of upstream and downstream businesses. A business group may operate both in the downstream and upstream sector by establishing subsidiaries or affiliate companies. We believe this provides us with an advantage since we have opportunity to secure gas supply in the upstream market for our distribution network in the downstream market. See "Risk Factors — Risks Relating to our Business — We may face competition from other natural gas traders and distributors or other energy sources."

Our Gas Transmission Business

Overview

Our transmission segment currently comprises downstream activities such as transporting natural gas owned by third parties through our high-pressure transmission pipelines from upstream suppliers for delivery directly to customers of the upstream suppliers. Our transmission segment covers areas in North Sumatra, South Sumatra, Jambi, Riau, Riau archipelago, Lampung, Banten and West Java and serves shippers and off-takers along our transmission pipeline. Our transmission infrastructure is approximately 2,047 km long, which makes it the largest natural gas transmission network in Indonesia. We generate revenues by charging a tariff to our customers who use our transmission pipeline to transport their natural gas. The tariff rate is determined by BPH Migas. The primary factors affecting revenues from our transmission business are tariff rate and quantity of natural gas

transmitted. Transportation service contracts (our gas transportation agreements) which govern our transmission services have terms that generally range from ten to twenty years. We estimate that our market share, in terms of quantity of natural gas transmitted to off-takers through our transmission pipelines, represented 52.0%, 52.0% and 53.0% of the Indonesian natural gas transmission sector in 2013, 2012 and 2011, respectively.

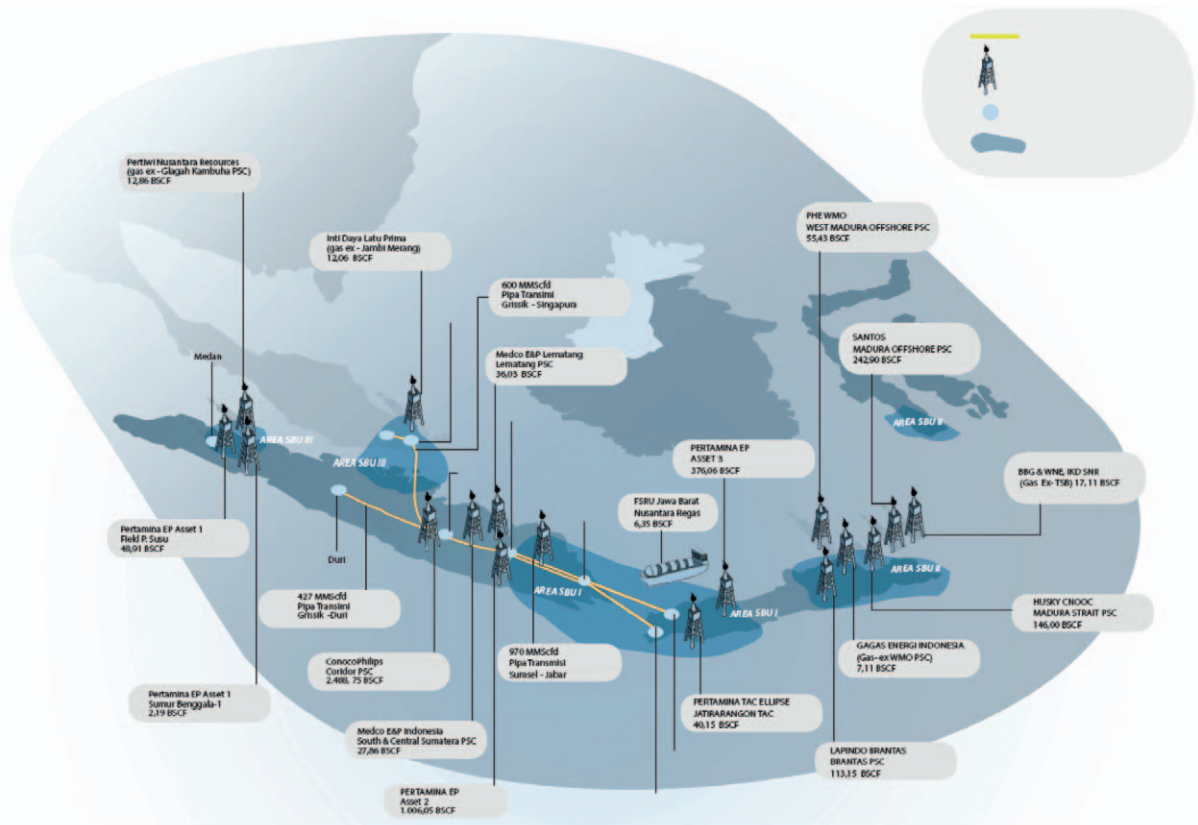
The following table shows operating data for Transgasindo in relation to our revenue-generating transmission business segment, for the years indicated:

	2013	2012	2011
Transmission volumes (MMscfd)	854	897	845
PGN	35	56	32
Transgasindo	819	821	813
Realized verage tariff (US\$/Mscf)	0.58	0.62	0.57
PGN	1.26	1.17	0.41
Transgasindo	0.69	0.64	0.63

This business segment represents our second source of revenues and accounted for 7.8%, 7.8% and 6.0% of our consolidated net revenues in 2011, 2012 and 2013, respectively. Over the last three years, the length of our transmission pipelines has remained the same at 2,047 km.

Existing Transmission Pipelines

The following map shows our existing transmission infrastructure:



The following table shows capacity for the periods indicated:

Segment	2013	2012	2011
		(MMscfd)	
Wampu-Belawan	72	72	72
Grissik-Duri	427	427	427
Grissik-Singapore	465	465	465
South Sumatera-Java	970	970	970

Grissik-Duri. The Grissik-Duri pipeline in Central Sumatra was completed in 1998. The pipeline is owned and operated by our subsidiary, Transgasindo. It is 536 km in length and has a capacity of 427 MMscfd. We monitor throughput of the Grissik-Duri pipeline using a satellite-based communications system.

Grissik-Singapore. The Grissik-Singapore pipeline supplies natural gas to the Singapore border, principally for supply to the Singapore gas and power markets. It also supplies natural gas to the Batam distribution network. The pipeline, which commenced commercial operation in 2003, is 470 km in length and has a free-flow capacity of 465 MMscfd.

Wampu-Belawan. Our transmission network in Medan is used by PLN to supply natural gas to PLN's power station at Sicanang and by us to supply natural gas to several of our industrial customers located in North Medan.

South Sumatera-West Java. The South Sumatera-West Java pipeline is an important part of the national integrated gas transmission system, connecting gas fields in South Sumatra with West Java. It provides additional supply to our existing distribution networks in West Java. The South Sumatera-West Java pipelines comprise a 377 km pipeline extending from Pagardewa in South Sumatra to Bojonegara, in Banten, and a 627 km pipeline from Grissik in South Sumatra to Muara Bekasi in West Java. The capacity of the pipeline is 970 MMscfd when it is operated independently. This pipeline is utilized to support our distribution business in West Java. Under the gas sale and purchase agreement entered into with Pertamina in June 2003, as novated to PT Pertamina EP, and ConocoPhillips (Grissik) Ltd. in August 2004, Pertamina is bound to deliver 150.0 MMscfd up to 250.0 MMscfd of natural gas from its South Sumatra fields, and ConocoPhillips (Grissik) Ltd. is bound to ramp up from 175 Bbtud up to 424.5 Bbtud of natural gas from its fields in its Corridor block (Grissik). This natural gas supply is transported to West Java and delivered to our distribution business for distribution in the Greater Jakarta area, the Banten Area and Karawang.

Transmission Customers and Gas Transportation Agreements

The table below shows our various transmission pipeline segments operated by us and our subsidiaries as well as the shippers and off-takers whose gas is transmitted through these pipeline segments:

No.	Transmission Pipeline	Length (km)	Shipper	Offtaker	Operator
1	Wampu - Belawan	37	PLN	PLN	PGN (SBU Distribution Area III Northern Sumatera)
2	Grissik - Duri	536	ConocoPhillips (Grissik) Ltd.	PT Chevron Pacific Indonesia	PT Transgasindo Indonesia
			PT Energasindo Heksa Karya	PLN - Payo Selincah	

No.	Transmission Pipeline	Length (km)	Shipper	Offtaker	Operator
			PT Perusahaan Gas Negara (Persero) Tbk	RAPP, IKPP, Pertamina Lirik, Pertamina Ukui	
			PT Pertamina Hulu Jambi Merang Talisman (Jambi Merang) Limited Pacific Oil & Gas (Jambi Merang) Ltd.	PT Chevron Pacific Indonesia	
			PT Gagas Energi Indonesia	IKPP	
			PLN	PLN - Payo Selincah	
3	Grissik - Batam - Singapore	470	ConocoPhillips (Grissik) Ltd.	Gas Supply Pvt Ltd.	PT Transgasindo Indonesia
			ConocoPhillips (South Jambi) Ltd.	Gas Supply Pvt Ltd.	
			PetroChina International Jabung Ltd.	Gas Supply Pvt Ltd.	
			PT Perusahaan Gas Negara (Persero) Tbk	Batam Distribution Network PLN Batam	
			Perusahaan Daerah Pertambangan dan Sumatera Selatan (PDPDE South Sumatera)	PT Lontar Papyrus Pulp & Paper Industry (LPPPI)	
			PT Inti Daya Latu Prima	Dalle Energy Batam PLN	
4	South Sumatera-West Java	1,004	PGN (SBU I) PLN Muara Tawar	PGN (SBUI) PLN Muara Tawar	PGN (SBU Transmission Sumatera Java)
	Total	2,047			

Transmission services are contracted under long-term gas transportation agreements between us and Pertamina, ConocoPhillips and other upstream natural gas suppliers. The agreements typically provide for a ten to twenty year operating term and contract for pipeline capacity access rights as well as minimum ship-or-pay gas quantities, whereby suppliers are required to pay for the transportation of a minimum specified quantity of natural gas even if it is not actually transported. The ship-or-pay provisions are typically subject to make-up rights, allowing suppliers to require us to transport without additional charge natural gas they paid for in previous billing periods but which was not transported, once the minimum quantity for the relevant period has been reached and subject to certain limits.

Transmission tariffs are denominated in U.S. Dollar, regulated by BPH Migas and set in order to allow us to achieve an acceptable rate of return on our investment in the transmission infrastructure. Our required rate of return varies on a project-by-project basis. However, current tariff regulation allows us to propose tariff adjustments to the regulator to ensure acceptable rates of return on our investment. Transmission tariffs, which may vary between sections of the transmission pipelines, depending on a number of factors taken into account by BPH Migas, including cost of construction, cost of finance, operating cost, depreciation charges and throughput quantity.

As of December 31, 2013, we have entered into the following material gas transportation agreements:

Shipper/Offtaker	PGN Role	Volume	Duration
		Mscf/day	
PLN/PLN - Muara Tawar	Transporter	81,000-21,000	2011-2020

Meanwhile, our subsidiary Transgasindo is also a party to the following material gas transportation agreements as of December 31, 2013:

Shipper/Offtaker	Transgasindo Role	Volume	Duration
		Mscf/day	
ConocoPhillips (Grissik) Ltd./Chevron Pacific Indonesia	Transporter	122,000-78,000	January 2003-August 2021
ConocoPhillips (Grissik) Ltd./Chevron Pacific Indonesia	Transporter	10,286-133,000	May 2013-August 2021
PGN/Riau Andalan Pulp and Paper (RAPP) & Indah Kiat Pulp and Paper (IKPP)	Transporter	10,860-10,860	June 2010-May 2015
PGN/Pertamina EP Lirik Ukui	Transporter	2,424-2,424	June 2010-May 2015
PT Energasindo Heksa Karya/PLN	Transporter	20,000-20,000	January 2009-December 2018
JOB Pertamina Hulu Energi Jambi Merang, Talisman (Jambi Merang) & Pacific Oil and Gas (Jambi Merang)/Chevron Pacific Indonesia	Transporter	4,000-22,000	April 2011-February 2019
PLN/PLN - Payo Selincah	Transporter	25,000-25,000	February 2012-February 2019
PLN/PLN - Rengat	Transporter	3,200-4,000	April 2012-February 2019
Gagas/IKPP	Transporter	7,140-7,140	November 2012-February 2019

Shipper/Offtaker	Transgasindo Role	Volume	
		Mscf/day	Duration
ConocoPhillips (Grissik), ConocoPhillips (South Jambi) & Petrochina Jabung Ltd./Gas Supply Pvt Ltd. (GSPL)	Transporter	195,000-402,500	September 2003- September 2023
PGN/Batam Distribution Network and PLN	Transporter	22,000-63,900	October 2004- November 2019
Perusahaan Daerah Pertambangan dan Energi Sumatera Selatan/PT Lontar Papyrus Pulp & Paper Industry	Transporter	8,000-12,000	October 2011- February 2019
PT Inti Daya Latu Prima/PLN, Dalle Energy and Industrial	Transporter	20,000-20,000	January 2012- February 2019

Transgasindo

Transgasindo was established in February 2002. In February 2002, Transgasindo became the first company in Indonesia to receive a gas transportation license under the Oil and Gas Law.

As of December 31, 2013, our equity interest in Transgasindo was 59.87%. The remainder of Transgasindo is held by a consortium including Petronas International Corporation Ltd., Conoco Indonesia Holding Ltd. SPC Indo-Pipeline Co. Ltd., and Talisman Transgasindo Ltd.

We have control over the management of Transgasindo, with certain important corporate actions requiring supermajority or unanimous board or shareholder approval pursuant to the SPA. Such corporate actions generally include amending the articles of association, undertaking any activities other than those related to the Grissik-Duri and Grissik-Singapore pipelines, winding up the company, merging, increasing the registered share capital, transferring equity interests and pledging of assets. The SPA provides the operating and management framework for Transgasindo. Under the SPA, the Transgasindo Board of Commissioners and Board of Directors each has five members, three elected by us and two elected by Transasia.

Transgasindo focuses its operations and maintenance services on the Grissik-Duri and Grissik-Singapore pipelines, which we believe provides it with significant opportunities to develop its transmission business. While Transgasindo is not expected to initiate projects independently from us, it may construct additions to its existing transmission network, including lateral lines and spurs.

Transmission Network Operation and Maintenance

Operation and maintenance services for our transmission network are carried out by our subsidiary Transgasindo (for the Grissik-Duri and Grissik-Singapore transmission pipelines) and SBU Transmission Sumatera-Java (for our South Sumatera-West Java transmission pipeline). As of the date hereof, there have been no material accidents or safety problems in relation to any of our transmission assets. In May 2013, a leakage on the Labuhan Maringgai-Muara Bekasi segment of our South Sumatera-West Java transmission pipeline was detected. As a precautionary measure, we lowered the operational pressure of the segment and then conducted an emergency repair. This segment is now back to its previous operational pressure.

Transmission System Rules

We have established a set of transmission system rules (“Transmission System Rules”) for every pipeline to provide a uniform set of rules for us and all gas shippers to ensure that our pipeline network is properly operated in a fair and transparent manner on an open access basis. The Transmission System Rules have been implemented since the commencement of the operations of the Grissik-Duri

pipeline, Grissik-Singapore pipeline and South Sumatera-West Java pipeline. In 2008 BPH Migas issued decree No. 15/P/BPH Migas/VII/2008 (“Decree No. 15/2008”) regarding the Joint Utilization of Natural Gas Transportation Facilities through Pipeline, which stipulates the obligation for each transporter to implement access arrangements to access their pipelines (“Access Arrangement”). To comply with Decree No. 15/2008 we have adjusted our Transmission System Rules. BPH Migas has already approved our Access Arrangement for the Grissik-Singapore pipeline, South Sumatera-West Java pipeline and North Sumatera Transmission pipeline, while the Access Arrangement for the Grissik-Duri pipeline is still undergoing the approval process by BPH Migas (we are still allowed to use our prior Transmission System Rules for operating this pipeline).

Under the Access Arrangement, any prospective shipper able to comply with the Access Arrangement which executes a gas transportation agreement and a deed of adherence will not be unreasonably denied access to our transmission pipelines where there is capacity available. A shipper must agree to pay the transportation tariff as determined by BPH Migas. We are also entitled to provide capacity in our system to any person on an interruptible basis provided that we will only provide such capacity if it would not affect our obligations to, or the rights of, any existing shipper under the Transmission System Rules and the gas transportation agreement to which such shipper is a party.

Competition

We estimate that we transport approximately 52% by volume of the natural gas transported by gas transmission businesses in Indonesia. The other company involved in gas transmission in Indonesia is Pertamina. Pertamina supplies its own natural gas directly to very large consumers, such as PLN power stations, fertilizer plants and petrochemical companies. We do not currently compete directly with Pertamina, since our transmission infrastructure is not located in the areas where Pertamina supplies gas, except for our transmission infrastructure in West Java. BPH Migas granted us exclusive rights in relation to our existing transmission pipelines, since no other transmission pipelines may be built in the same areas as long as there is still capacity available in our existing transmission pipeline. In the future, Pertamina and other companies may compete with us for approvals to build and operate other transmission pipelines.

Our Upstream Business

Overview

Our business has been moving beyond the downstream businesses since 2011. Since then, we have begun to implement our strategy to participate in the upstream sector, both in conventional and unconventional hydrocarbon resources. In 2013, we saw an opportunity to enter the upstream sector and leverage our capabilities to enhance returns, as a number of exploration and production companies (“E&P”) divested assets in Indonesia to concentrate their portfolios on business in the United States. Through our subsidiary, Saka, we took a participating interest in various upstream oil and gas blocks from the development to the production stages.

Plans

Saka is planning to acquire several oil and gas assets in South Sumatra and Kalimantan in 2014. Any such investment will be in pursuance to our utilization and development strategies for our pipeline network.

Existing Business

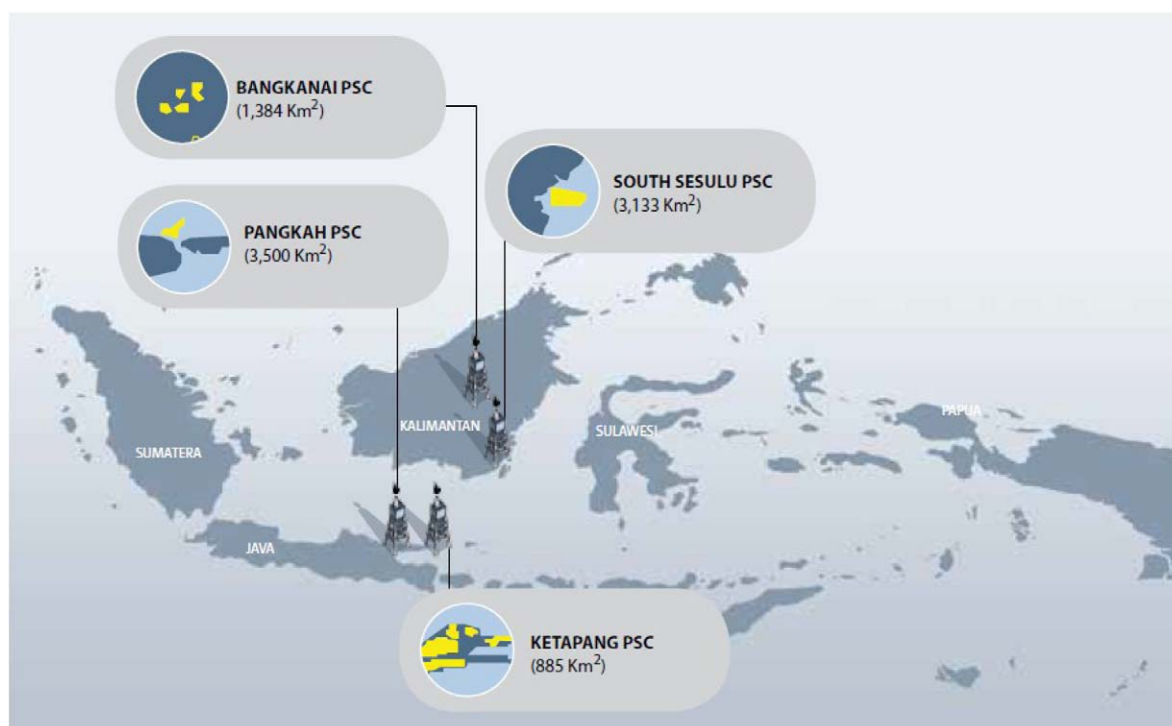
Having invested in developing the necessary expertise and conducted exhaustive evaluations of potential assets, Saka acquired four oil and gas upstream blocks in 2013 and early 2014, becoming the operator of two of them. Our current investments in upstream assets include the following:

Block Name	Participating Interest	Operator	Status	Acquisition Date
Ketapang PSC	20%	Petronas	Development	February 2013
Bangkanai PSC	30%	Salamander Energy	Development	June 2013
Ujung Pangkah PSC . . .	100%	Saka	Production	25% in June 2013 and remaining equity interest in January 2014
South Sesulu PSC	100%	PT Saka Indonesia Sesulu	Exploration	December 2013

As of January 1, 2014, based on Wood Mackenzie's estimates, we believe our remaining commercially recoverable reserves for our oil and gas blocks represented in aggregate 85.4 MMboe, comprising 61.7 MMboe in the Pangkah block, 16.7 MMboe in the Ketapang block and 7.0 MMboe in the Bangkanai block. Natural gas is estimated to represent 54.3%, 17.3% and 92.3% of such remaining commercially recoverable reserves in each of the Pangkah block, Ketapang block and Bangkanai block, respectively. In aggregate, natural gas is estimated to represent 50.2% of the aggregate 85.4 MMboe remaining commercially recoverable reserves described above. Further, estimated total natural gas production at the Pangkah block was 13.7 Kboepd in 2013.

In early 2014, we acquired the remaining 75%, which we did not already own, of Ujung Pangkah PSC. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments." This is in line with the long-term strategy of our subsidiary, Saka, to become an exploration and production operator, and to generate a balanced portfolio of exploration and production assets.

The location of our current upstream investments is presented below:



LNG Business

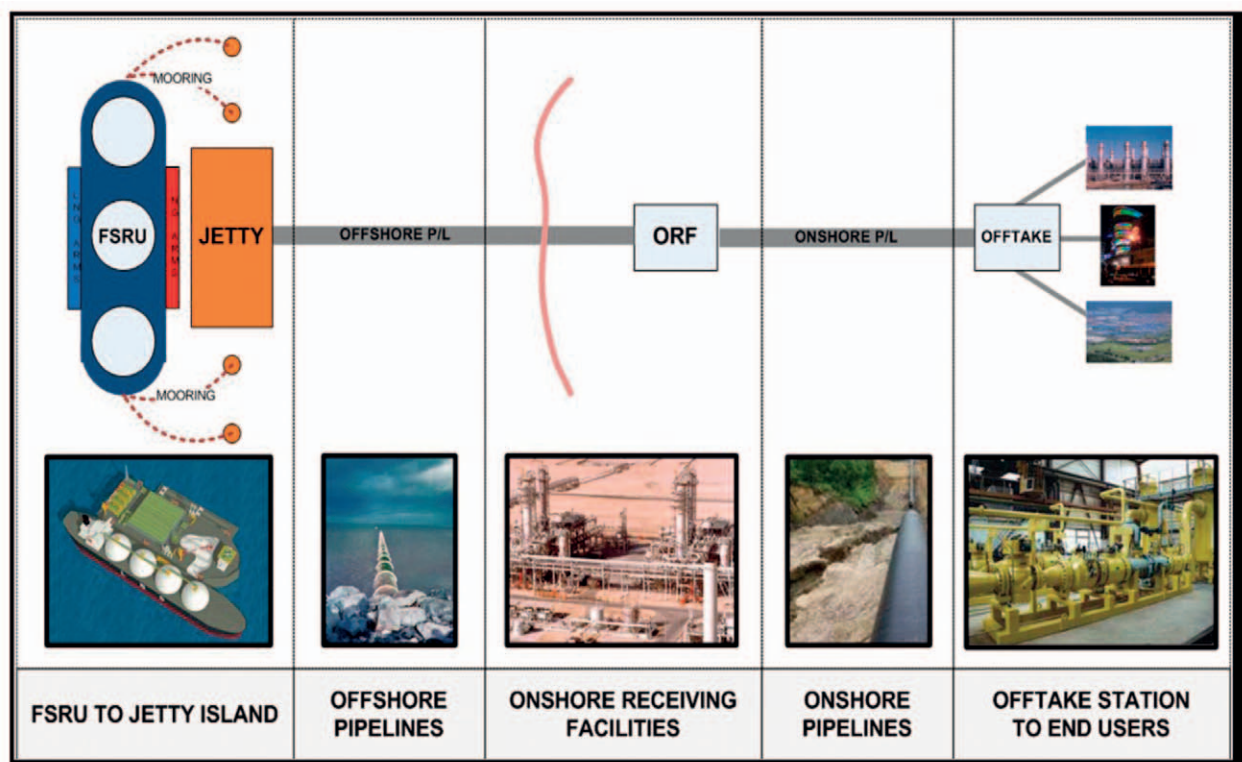
Overview

We are in the process of strengthening our downstream business by establishing our new LNG business. Our LNG business is conducted through our subsidiary Nusantara Regas, a joint venture with Pertamina. Our first LNG FSRU, developed by Nusantara Regas, is now supplying PLN's Muara Karang power plant and a number of our customers in West Java. Natural gas for our West Java LNG receiving terminal has been sourced from the Mahakam PSC block for up to 11.7 million tonnes of LNG over an eleven-year period. This made us the first company in Indonesia to sell LNG to the domestic market.

We expect our second FSRU, which is located in Lampung (Indonesia) and will be operated by our subsidiary, PGN LNG, to start commercial operations in the second half of this year. This will be a valuable addition to the gas supply chain, and we are already exploring conventional and non-conventional means to transport the gas from the Lampung FSRU to customers in undersupplied areas. In particular, as we have in the past experienced recurring undersupply issues in North Sumatra and West Java, where the majority of our industrial and commercial clients are located, we expect our new and anticipated LNG supply capabilities to address this shortage once this new source of supply is integrated into our existing downstream supply chain.

LNG FSRU Flow of Business

The diagram below indicates the flow of business from the FSRU to end users.

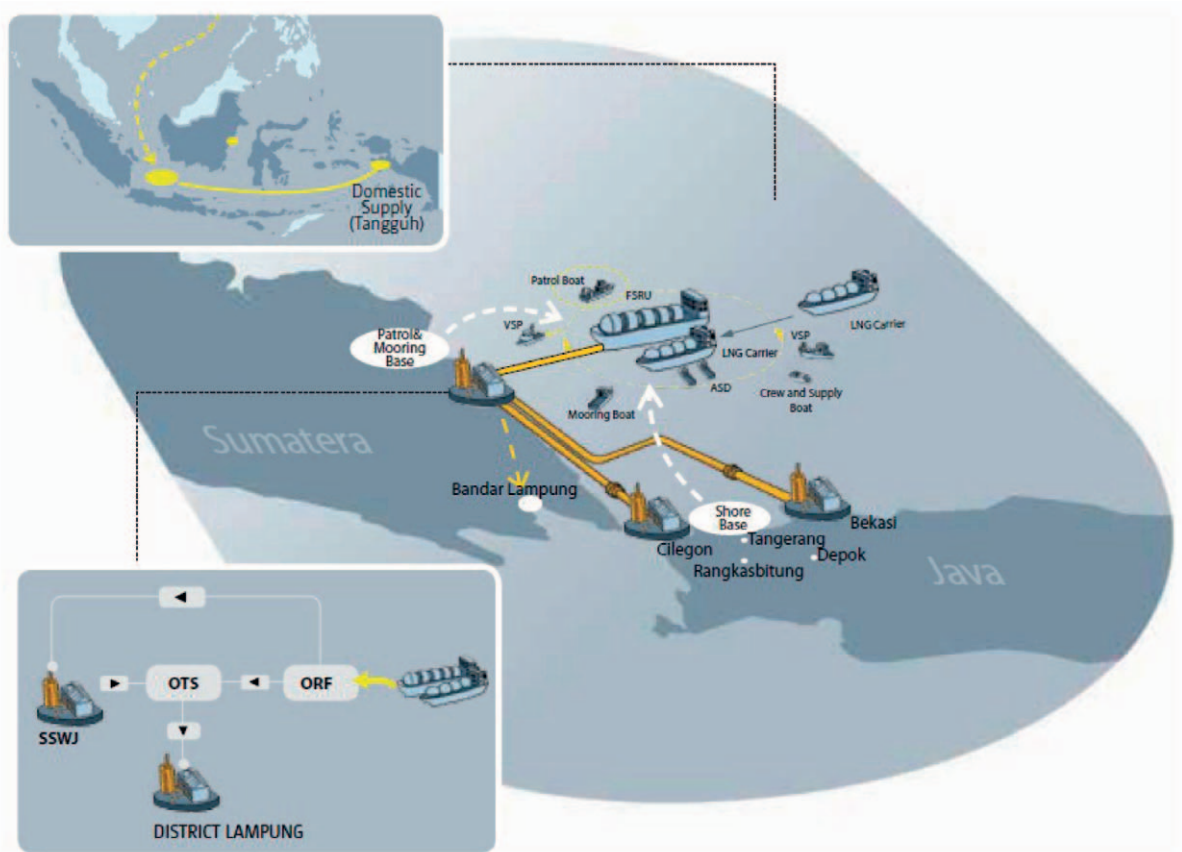


Existing and Under-development LNG Assets

We have developed, as part of a joint venture with Pertamina, an LNG FSRU in Jakarta Bay with a total capacity of 3.0 Mtpa, in which we own a 40% equity interest. Commercial operations commenced at this facility in July 2012.

In 2013, we constructed an LNG receiving regasification terminal in Lampung, while an LNG FSRU with a capacity of 1.8 Mtpa was built in collaboration with Høegh LNG at Hyundai Heavy Industries Shipyards (South Korea). We expect the Lampung LNG receiving terminal to commence operations in the second half of 2014, helping to meet natural gas demand in Lampung, West Java and the surrounding areas, in particular for supplying our industrial and commercial customers located in these areas. We are currently exploring conventional and non-conventional means to transport gas from the Lampung FSRU to customers in areas of undersupply. On April 22, 2014, the Government, through SKK Migas, issued an allocation letter for the domestic LNG supply of the Lampung FSRU from BP Tangguh in response to the Ministry of Energy and Mineral Resources letter dated February 5, 2013. Following the issuance of this allocation letter, we have been discussing with BP Tangguh to finalize the supply of LNG from the BP Tangguh LNG liquefaction plant in Papua.

The location of the LNG receiving terminal in Lampung is shown below.



Our subsidiary PGN LNG is involved in the procurement of LNG supply, natural gas processing activities including liquefaction from natural gas to LNG, LNG and gas transportation activities, storage activities including regasification, commercial activities, and other related business activities. PGN LNG has developed procedures to support the operation of the terminal in accordance with prevailing safety standards, including safety, health and environmental standards and regulations related to commercial gas and LNG commodities.

LNG Supply and Network

Supply of LNG to our LNG FSRU owned by our joint venture subsidiary, Nusantara Regas, in Jakarta Bay is partly secured by a long-term contract with Badak NGL pursuant to which LNG is delivered from Bontang LNG plant.

Supply of LNG to our FSRU Lampung will be mainly sourced domestically from the BP Tangguh LNG liquefaction plant, as specified in the allocation letter for domestic LNG Supply issued by SKK Migas on April 22, 2013. We are also exploring the possibilities of sourcing LNG from international suppliers. Since 2013, we have signed LNG master sales and purchase agreements with several international LNG suppliers, including Gazprom Marketing & Trading Singapore Pte. Ltd., Shell Eastern Trading Pte. Ltd., BG Group, BP Singapore Pte. Ltd. and Mitsui & Co. Ltd.

Further, we are seeking to optimize our LNG business by deploying “beyond pipeline” technologies that will expand the reach of our LNG facilities, both to meet existing demand and, eventually, to support the penetration of gas into underserved areas, including break bulking, which will allow smaller volumes of LNG to be shipped to satellite terminals, particularly to supply power plants and support industrial development in Eastern Indonesia.

The location of our planned and existing LNG infrastructure is shown below.



Other Businesses

We engage in ancillary businesses that are directly related to and/or support our core businesses. As of December 31, 2013, these ancillary businesses included fiber optic capacity leasing, engineering services and maintenance business. Revenues generated by these ancillary businesses, in aggregate, represented 0.6% of our consolidated net revenues in 2013.

We operated fiber optic cable running parallel to certain segments of our pipeline network through one of our subsidiaries, PGASKOM. As a result of natural gas suppliers' requirements for real-time data on pipeline supply, we were originally required to install a communication system along our pipelines. Considering the limited installation and right of way costs involved, we elected to increase the capacity of our fiber optic system, and installed an expanded network in order to seize additional market demand. We use this excess capacity as a network provider to internet, cable

television and small business customers, upstream oil and gas operators and gas transmission customers. PGASKOM's main customers include PT XL Axiata Tbk, PT Indosat (Persero) Tbk, PT Bluewater Indonesia, PT Lintasarta, PT Indonesia Comnet, PT Telekomunikasi, Indonesia (Persero) Tbk, PT Multi Data Rencana, PT Cyberindo Aditama and PT Digisat.

Through our subsidiary, PGASSOL, we provide engineering, operation and maintenance services. In order to improve our expertise in engineering, operation and maintenance services, PGASSOL and PT Promatcon Tepatguna formed a joint venture to handle certain projects, including engineering procurement construction work. This collaboration is expected to increase PGASSOL's expertise in the field of construction and maintenance.

Sales and Marketing

Our marketing team is based in our head office in Jakarta. The head office marketing team works with the sales coordinator in each of the SBUs to gather information from existing and potential customers and to formulate and execute strategic marketing initiatives. In each distribution region, the marketing team also directs its sales team to focus and actively solicit a select group of targeted industrial customers who we believe will benefit most from a conversion to natural gas.

Currently, our marketing efforts focus on direct marketing to industrial customers. We hold group presentations with potential customers to provide information explaining the benefits and savings that can be realized from switching to natural gas. The marketing department handles promotional activities into potential areas of development, contributes to improving the quality of services to our customers, develops potential sales to areas where pipeline transportation mode is not available, and also contributes to managing the contractual supply and demand balance.

Our marketing department also works with our planning department to assess likely demand for network expansion projects. Discussions with potential customers begin several years before construction of a new network. The marketing department establishes contact with potential customers in order to develop a demand profile, which is factored into the analysis of proposed network expansions.

We maintain a service hotline to attend to customer inquiries and provide after-sales support, as well as a website which can be accessed by, and provides tailored information to, employees, customers and others.

Safety and Environment

We emphasize safety for our workplace and operations, and therefore we have established a safety department to oversee and implement safety policies and to conduct spot and regular inspections of our facilities. We believe in educating users about safety procedures. Accordingly, before natural gas is actually supplied, we give a thorough explanation of safety procedures to customers and arrange meetings on safety with our major customers.

Due to our implementation of safety procedures, we have not experienced any major accidents which have resulted in serious injury or death in the last three years. Generally our environmental risk profile is low and only arises when incidents disrupt our normal operations. One of our largest potential environmental risks from operational disruption is the release of methane into the atmosphere following, for example, pipeline leakage. We have set strict operational protocols to minimize our leakage risk through, for example, regular maintenance, routine patrols along our pipelines and rapid repair response when incidents do arise.

We are subject to environmental regulation and reporting requirements pursuant to the New Environmental Law and implementing regulation regarding AMDAL. We are required to conduct environmental impact assessments in connection with our transmission and distribution infrastructure construction. See "Regulatory Overview of Oil and Gas Activities in Indonesia — Environmental Obligations on Oil and Gas Operations."

Insurance

We have comprehensive insurance policies that cover our assets, projects and operations, including third-party liabilities. We have a risk management policy in place for purposes of analyzing the risks we face, anticipating new risks as we grow our business in new areas and determining the appropriate insurance coverage. Our insurance policies cover, among other things, pipelines insurance, project insurance, property and liability insurance, third-party liability insurance, man power insurance, and directors and officers liability insurance. As is customary in our industry, our insurance coverage is subject to policy limits and exclusions or limitations, including, but not limited in relation to, losses resulting from war or terrorist acts and nuclear accidents, that we believe reflect current practice in our industry and are reasonable considering insurance costs and our current operating conditions. We believe we currently maintain insurance of the types and amounts that are generally consistent with prudent industry practice and applicable legal requirements.

Related Party Transactions

The Government is our majority shareholder and all our transactions with parties related to or owned by the Government constitute related party transactions. We purchase and sell natural gas and other products and provide certain related services to our related parties, including companies in which we hold a 20% to 50% interest who are our associates and certain entities with whom we share key management. Our related parties purchase and sell natural gas, other products and services from us on arm's-length terms based on market pricing. As of December 31, 2013, trade and other receivables owed to us by our related parties and trade and other payables owed by us to our related parties, including to the Government, comprised 1.8% and 5.8% of our total assets and total liabilities, respectively. In addition, we share common key management with certain of our related parties and hold short-term investments in certain of our related parties.

We also hold debt securities of related parties, such as Pertamina.

See Note 35 to our consolidated financial statements included elsewhere in this Offering Circular for more information on our related party transactions.

Real Estate

We own our headquarters, SBU and branch buildings, as well as the land on which off-take stations and substations are built.

Apart from certain forest land owned by the Government and certain land for which we have applied, or are in the process of applying, for land certificates, we hold long-term land certificates permitting us to use the land on which our transmission pipelines are built.

Our use of certain land owned by the Government on which our transmission pipelines are built, or are being built, is permitted by the Minister of Forestry through its decrees that allow us to use its land with or without charge. We received two decisions to extend the in-principle approvals to use forest areas for gas transmission pipelines of South Sumatra - West Java with a total area of 208.4 hectares covering the Ogan Komering Ulu, Musi Banyuasin and Muara Enim Regency in the Province of South Sumatra and the Way Kanan Regency in the Province of Lampung respectively on August 16, 2012.

Pursuant to Presidential Regulation No. 71 of 2012 on Land Procurement Process for Public Interest Project and its implementing regulations thereunder, for the purpose of constructing gas transmission and/or distribution pipelines, we have the right to obtain land certificates for a strip of land to be used by our pipelines.

We do not own the land upon which our distribution networks are located but negotiate rental amounts with relevant local governments for the right to construct pipelines over land owned by them. The rental amounts vary between regions.

Intellectual Property

We are not dependent on patents, license or manufacturing processes.

Litigation

From time to time, we have been involved in legal proceedings or other disputes arising from the ordinary course of our business, which primarily related to disputes with contractors or land owners. We are also involved in legal proceedings related to industrial design and competition law. We have not incurred significant legal costs and expenses in connection with these legal proceedings. We have contingent liabilities with respect to legal claims arising in the ordinary course of business. However, we are not aware of any material legal proceedings (including arbitrations), claims or disputes currently existing, pending, or to the best of our knowledge, threatened against us that may have a material adverse impact, individually or taken as a whole, on our business, financial condition or results of operations.

MANAGEMENT AND EMPLOYEES

In accordance with Indonesian law, we have a Board of Commissioners and a Board of Directors. The two boards are separate and no individual may be a member of both boards.

Board of Commissioners

Our Board of Commissioners, which has the task of supervising our management, must have at least two members, including the President Commissioner. The principal functions of the Board of Commissioners are to give recommendations to and supervise the policies of our Board of Directors.

Under Indonesian company law, persons eligible to be appointed as members of the Board of Commissioners are required to be individuals who are capable of performing legal acts and who have never: (i) been declared bankrupt, (ii) been declared guilty for having caused a company to be declared bankrupt while holding the position of member of the Board of Directors or member of the Board of Commissioners of such company, or (iii) been declared guilty of a criminal act which caused financial losses to the State within five years prior to his or her appointment. The Board of Commissioners is required to perform its duties in good faith and in our best interests.

The Government, through the Ministry of State-Owned Enterprises (the “MSOE”), is also the holder of the Special Share, which has special rights. The material rights and restrictions that are applicable to the shares are also applicable to the Special Share, except that the Government may not transfer the Special Share and, as the holder of the Special Share, the Government’s approval is required for: (i) the election and removal of Directors; (ii) the election and removal of Commissioners; and (iii) amendments to our Articles of Association, including amendments to our capital structure. Accordingly, the Government will have effective control of these matters even if its ownership of shares were to decline to less than a majority.

Meetings of the Board of Commissioners may be held at least once a month or at any time deemed necessary by one or more of the members of the Board of Commissioners, or upon the request in writing from either the Board of Directors or one or more of the shareholders jointly representing at least one-tenth of the total voting shares issued us. A meeting of the Board of Commissioners will be valid and entitled to adopt binding resolutions only if more than one-half of the members of the Board of Commissioners are present or represented at the meeting.

Where all members of the Board of Commissioners are present or represented, prior notice is not required and a meeting of the Board of Commissioners may be held at any such place and will be entitled to adopt valid and binding resolutions.

All meetings of the Board of Commissioners are chaired by the President Commissioner. In the event of the absence or disability of the President Commissioner, which impediment need not be evidenced to any third parties, a meeting of the Board of Commissioners may be chaired by another member of the Board of Commissioners specifically appointed by the President Commissioner. If the President Commissioner does not make such an appointment, then the member of the Board of Commissioners who solicits the meeting will chair the meeting.

Resolutions of a meeting of the Board of Commissioners are generally adopted on the basis of a mutual consensus. In the event a mutual consensus is not reached, then a resolution may be adopted on the basis of an affirmative vote of more than one-half of votes validly cast at the meeting.

Our Board of Commissioners currently includes two Independent Commissioners.

The current members of our Board of Commissioners are as follows:

Name	Age	Position
Bayu Krisnamurthi	49	President Commissioner
M. Zamkhani	47	Commissioner
Firmanzah	37	Commissioner
A. Edy Hermantoro	58	Commissioner
Pudja Sunasa	62	Independent Commissioner
Widya Purnama	59	Independent Commissioner

Bayu Krisnamurthi

Dr. Bayu Krisnamurthi has served as President Commissioner since his appointment on May 22, 2012. He holds a Bachelor’s Degree in Agribusiness and Doctorate in Agricultural Economics from Institut Pertanian Bogor (Indonesia). He currently serves as the Deputy Minister of Trade.

M. Zamkhani

M. Zamkhani was appointed as a Commissioner on May 22, 2012. He graduated from Gajah Mada University, Yogyakarta (Indonesia), majoring in Accounting, and earned an MBA in Finance from Rutgers University, USA. He is currently the Deputy for Primary Industry in the MSOE.

Firmanzah

Dr. Firmanzah was appointed as a Commissioner on April 17, 2013. He graduated from the University of Indonesia and earned a Master’s Degree from the University of Lille (France) and a Master’s in Management from the University of Indonesia, as well as a Doctorate from the University of Paris (France).

A. Edy Hermantoro

Mr. A. Edy Hermantoro earned his undergraduate degree from the Geology Faculty of UPN Veteran and a Master in Business Policy from the University of Indonesia. He began his career at the Ministry of Energy and Mineral Resources in 1987. Before serving as the Director General, he held various key positions in the Ministry of Energy and Mineral Resources, including as the Planning and Operation Bureau Head at the Ministry of Energy and Mineral Resources from 2007 to July 2008, Director of Upstream Oil and Gas Development of the Oil and Gas Directorate General from July 2008 to July 2012 and the Secretary of the Oil and Gas Directorate General from July 2012 until his appointment as Director General in January 2013. He was also a representative for Indonesia at Organization of the Petroleum Exporting Countries until December 2008. He was appointed as our Commissioner on March 27, 2014.

Pudja Sunasa

Ir. Pudja Sunasa was reappointed as a Commissioner on April 6, 2011 and as Chair of the Remuneration and Nomination Committee, member of the Insurance and Business Risk Committee and member of the GCG Committee on April 19, 2011. He graduated from Institute of Technology Bandung (Indonesia) with a degree in Petroleum Engineering. He was previously a Commissioner of the Company (2002 to 2008). He started his career as Head of the General Bureau at the Ministry of Energy and Mineral Resources (2001 to 2004) before he was appointed to become Inspector at the Ministry of Energy and Mineral Resources (2004 to 2007). He was the Inspector General of Energy and Mineral Resources from 2007 until 2012.

Widya Purnama

Ir. Widya Purnama was appointed as an Independent Commissioner on April 6, 2011 and as a member of the GCG Committee and the Insurance and Business Risk Committee on April 19, 2011. He graduated from the University of Sepuluh November Institute of Technology, Surabaya (Indonesia) with a degree in Electrical Engineering and earned a Master's in Management from Bandung Institute of Technology (Indonesia). He was previously the President Director of PT Indosat, Tbk (2002 to 2004) and the President Director of Pertamina from 2004 to 2006.

Board of Directors

The Board of Directors manages our company on a day-to-day basis. Under Indonesian law, the Board of Directors is required to be made up of at least two members, one of whom is the President Director. Under Indonesian company law, persons eligible to be appointed as members of a Board of Directors are required to be individuals who are capable of performing legal acts and who have never: (i) been declared bankrupt, (ii) been found guilty of having caused a company to be declared bankrupt while being a member of the Board of Directors of such company, or (iii) been found guilty of a criminal act which caused financial losses to the State within five years prior to his or her appointment. The Board of Directors is required to perform its duties in good faith and in best interests.

Members of our Board of Directors must be nominated and approved by the Government and are appointed and removed by shareholder vote at a general meeting of shareholders. Each Director serves a term of five years. In the event that a vacancy occurs in the Board of Directors, a general meeting of shareholders must be convened within 60 days after the vacancy occurs. So long as the position remains vacant, one of the remaining Directors will be appointed by the Board of Commissioners to assume the responsibilities of the absent Director. If for any reason we cease to have any Directors, the Board of Commissioners will perform the ongoing obligations of the Board of Directors. In such circumstances, no later than 60 days after the vacancies occur, the Board of Commissioners must convene a general meeting of shareholders.

Meetings of the Board of Directors may be held at any time deemed necessary by one or more of the members of the Board of Directors, or upon the request in writing from either the Board of Commissioners or one or more of the shareholders jointly representing at least one-tenth of our total outstanding voting shares. A meeting of the Board of Directors will be valid and entitled to adopt binding resolutions only if more than one-half of the members of the Board of Directors are present or represented at the meeting.

All meetings of the Board of Directors are chaired by the President Director. In the event of the absence or disability of the President Director, which impediment need not be evidenced to any third parties, a meeting of the Board of Directors will be chaired by such other member of the Board of Directors specifically appointed by the President Director. If the President Director does not make such an appointment, then the longest-serving member of the Board of Directors will chair the meeting. In the event there is more than one or there is no longest-serving member, then the chairman of the meeting will be appointed by the members attending the meeting.

Resolutions of a meeting of the Board of Directors are generally adopted on the basis of a mutual consensus. In the event a mutual consensus is not reached, then a resolution may be adopted on the basis of an affirmative vote of more than one-half of votes validly cast at the meeting.

Our Board of Directors has the power to perform for and on behalf our company all transactions concerning our management and administration. However, certain corporate actions require written approval from the Board of Commissioners, including:

- obtaining long-term liabilities from banks or other financial institutions;

- advancing long-term loans on our behalf;
- releasing or selling our immovable assets in an amount exceeding that determined by the Board of Commissioners;
- entering into cooperation or management contracts for a term exceeding that determined by the Board of Commissioners;
- participating in other companies' equity or establishing a new company;
- selling or transferring all or part of our participation in another company; and
- not collecting written-off receivables in an amount above that determined by our general meeting of shareholders.

In addition, under the Financial Services Authority of Indonesia (the "OJK") regulations, and subject to certain exemptions, we may not enter into certain "material" transactions before obtaining approval from a general meeting of shareholders ("Material Transaction").

A Material Transaction is defined as a transaction in relation to several activities including, among other things, (i) the purchase of shares, including for the purposes of acquisition; and (ii) the purchase, sale, transfer or exchange of business segments or assets other than shares, which are valued at more than 20% of the total consolidated equity of a public company, whether in one or a series of transactions. A Material Transaction with a value of 20% to 50% of a public company's total consolidated equity does not need to obtain a general meeting of shareholders approval. However, a public company must announce information on Material Transactions to the public in at least one Indonesian language daily newspaper, having national circulation. A Material Transaction with a value exceeding 50% of a public company's total consolidated equity must be approved by the general meeting of shareholders.

The members of our Board of Directors are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Hendi Prio Santoso	47	President Director
Mochtar Riza Pahlevi Tabrani . . .	45	Director of Finance
Djoko Saputro	51	Director of Technology and Development
M. Wahid Sutopo	44	Director of Investment Planning and Risk Management
Jobi Triananda Hasjim	50	Director of Commerce and Operations
Hendi Kusnadi	52	Director of Human Resources and General Affairs

Hendi Prio Santoso

Hendi Prio Santoso was appointed as Director of Finance on May 31, 2007, and became President Director on June 13, 2008. He holds degrees in finance and economics from the University of Houston, Texas (USA), and in economics from the University of Texas, Austin (USA). He began his career at Bank Niaga (1990 to 1991) and then at Citibank NA, Indonesia (1991 to 1996). In 1996 he was appointed as Vice President of PT Perdana Multi Finance, then as Director of Development of PT Perdana Inti Investama (1996 to 1998). He was an Associate Director at PT Bahana Securities (1998 to 2001), before becoming a Director of PT Anugra Cipta Investa (2001 to 2004). Immediately prior to joining us, he was Director of Investment Banking at PT JP Morgan Securities Indonesia (2004 to 2007).

Mochtar Riza Pahlevi Tabrani

Ir. Mochtar Riza Pahlevi Tabrani was appointed as Director of Finance on June 20, 2008. He has served as Acting Head of the Corporate Finance Division and Coordinator of Investor Relations since February 2008, and as an Expert Advisor on Corporate Finance and Investor Relations to the President Director since May 2007. He holds a degree in Geological Engineering from Trisakti University, Jakarta (Indonesia) and earned his MBA in Finance from Cleveland State University (USA). He was a Senior Advisor at PT Bhakti Investama Tbk (1997 to 1999), a Senior Manager at PT Bahana Securities (1999 to 2001), a Vice President of PT Anugra Capital (2001 to 2007), and a Vice President of PT Alpha Energy (2006 to 2007).

Djoko Saputro

Ir. Djoko Saputro was appointed as Director of Technology and Development on May 22, 2012. He holds a Bachelor's Degree in Electrical Engineering from Sekolah Tinggi Teknologi Nuklir, Jakarta (Indonesia) and a Master's degree from the University of Manchester (United Kingdom). He previously served as the Director of Engineering and Operations in our subsidiary PGASSOL and as Senior Executive Officer of Subsidiary Management.

M. Wahid Sutopo

Ir. M. Wahid Sutopo was appointed as Director of Investment Planning and Risk Management on April 6, 2011. He graduated from Institut Teknologi Bandung (Indonesia) with a degree in Electrical Engineering and earned a Master's in Management (Executive Program) in International Business from the Indonesian Institute of Management Development in Jakarta. He was our Vice President & Division Head of Investor Relations at PT Indosat Tbk (2001 to 2006), Senior Vice President & Group Head of Revenue Assurance at PT Indosat Tbk (2006 to 2008), and Head of the Investor Relations Division and Corporate Secretary of the Company (2008 to 2011).

Jobi Triananda Hasjim

Ir. Jobi Triananda Hasjim was appointed as Director of Technology and Development on April 6, 2011. He graduated with a Bachelor of Engineering degree from Trisakti University, Jakarta, in 1988 and earned an M.Sc. in Material Mechanics from the University of Strathclyde, Glasgow, in 1995. From 2008 until 2010 he was the General Manager of SBU Distribution Area I and he became the Head of SBU Distribution Area I in 2010. Previously he was also the project coordinator of the gas pipeline network expansion project.

Hendi Kusnadi

Hendi Kusnadi was appointed Director of Human Resources and General Affairs on May 22, 2012. He hold a Bachelor's degree from the Bandung Institute of Technology (Indonesia). He was Head of our Marketing Division in 2009, and became Acting Head of our Operations Division in 2010. He was named General Manager of SBU Distribution Area I West Java in 2010.

The Audit Committee

The Audit Committee's primary purpose is to assist the Board of Commissioners in fulfilling its oversight responsibilities as a consulting, controlling and initiating body with a specific focus on, among others, the financial reporting process, the independence and objectivity of our external auditors, the system of internal control over financial reporting and accounting compliance, the audit process, and processes for identifying, evaluating and monitoring the management of our principal risks. The Audit Committee normally meets at least once per month for the time necessary to fulfill its purpose, or more frequently as circumstances dictate.

The Audit Committee is composed of Mr. Pudja Sunasa (Chairman), Mr. Mohammad Slamet Wibowo, Ms. Imbuh Sulistyarini, Mr. Gunawan Indradi and Ms. Kanyatama P. Mulyono. Our Audit Committee is chaired by an independent Commissioner and four of its members are professionals from outside our Company.

The Risk Management and Business Expansion Committee

The Risk Management and Business Expansion Committee's primary purpose is to assist the Board of Commissioners in monitoring and evaluating our risk management policy and the implementation of our business and expansion plans with a focus on, among others, monitoring our risk management policies and designing risk management guidelines. The Risk Management and Business Expansion Committee met 19 times in 2013.

The Risk Management and Business Expansion Committee is composed of Mr. Widya Purnama (Chairman), Mr. Arsyad Rangkuti, Mr. Wahyu Wijayadi and Mr. Hari Kustoro. Our Risk Management and Business Expansion Committee is chaired by an independent Commissioner and its other three members are professionals from outside our Company.

Compensation

Our Commissioners and Directors receive compensation determined at the annual general meeting of shareholders and are paid monthly. No fees are paid to Commissioners or Directors for attending board meetings. In 2013 and 2012, the aggregate compensation including bonuses we paid to all Commissioners and Directors as a group was US\$12.3 million and US\$11.5 million, respectively. In addition, our Directors are entitled to certain benefits such as housing, transportation and utility allowances, healthcare and association membership. Commissioners and Directors are entitled to reimbursement of for income tax on compensation received. We do not disclose or otherwise make available public information regarding the compensation of our individual Commissioners or Directors.

Payment of bonuses to the Commissioners and the Directors is determined at the annual general meeting of shareholders. Bonuses are paid annually and are based on achievement of our performance targets set by the Directors and approved by shareholders by a resolution passed by a simple majority at the annual general meeting of shareholders.

Conflicts of Interest

Our Articles of Association provide that if there is a conflict between our interests and the interests of a Commissioner or a Director with respect to any proposal, arrangement or contract, such conflicted Commissioner or Director may not cast a vote with respect to such proposal, arrangement or contract in any meeting of the Board of Commissioners or Board of Directors, as the case may be, where the subject of the conflict of interest is discussed or voted upon. As a general rule, the President Commissioner chairs any general meeting of shareholders. Where a conflict of interest exists between our interests and the interests of the President Commissioner, any member of the Board of Commissioners not subject to such a conflict may chair such a meeting. Where a conflict of interest exists between our interests and the interests of all members of the Board of Commissioners, the President Director will chair such a meeting.

Subject to certain exemptions, under OJK regulations, we may not enter into "conflict of interest transactions" prior to obtaining approvals of "independent shareholders" or their authorized representatives. Independent shareholders are shareholders that are non-affiliates and have no interest in such a transaction. A conflict of interest is defined as a difference between our economic interests and the personal economic interests of our Directors, Commissioners, or our principal shareholders that may cause us a loss.

None of our Directors or Commissioners has any substantial interest, direct or indirect, in any company carrying on a similar trade as us or our subsidiaries.

Management Share Ownership Plan

Since our initial public offering, we have offered a management stock option program and an employee stock option program.

Employees

As of December 31, 2013, we had 1,540 full-time employees. The following table shows the number of our full-time employees by unit as of December 31, 2011, 2012 and 2013, respectively:

	Year ended December 31,		
	2013	2012	2011
Head Office	412	406	394
SBU I	439	464	476
SBU II	200	210	203
SBU III	144	153	155
Projects division	92	88	66
SBU TSJ	191	187	181
Seconded to Subsidiary ⁽¹⁾	62	56	42
Total ⁽²⁾	<u>1,540</u>	<u>1,564</u>	<u>1,517</u>

Note:

- (1) Employees of our Company who work for, and are compensated by, various of our subsidiaries.
- (2) We employed 30, 47 and 49 temporary employees as of December 31, 2011, 2012 and 2013, respectively.

Approximately 90.0% of our permanent employees are members of the Union (Serikat Pekerja PGN) PGN labor union. We have not experienced any material labor disputes. Our employees receive compensation and benefit packages that comply with applicable law. Since there is only one union representing our permanent employees, we only have one collective bargaining agreement that covers our permanent employees. We believe our relationship with our employees is good.

In addition to our permanent employees, we also utilize temporary and outsourced employees. Our temporary employees work for us as individual consultants/contractors, and outsourced employees work for us through labor supply companies to perform specific tasks.

Since February 2009, the Company has a defined contribution plan for all of its eligible permanent employees. The Company provides post-employment benefits in accordance with the Collective Labor Agreement and applicable Indonesian regulations. The fund is contributed by both employees and the Company with contribution of 5% and 15%, respectively, of the basic pension income. Pension expense charged to operations amounted to US\$2.8 million and US\$2.9 million for the years ended December 31, 2013 and 2012, respectively. We also provide additional post retirement health care benefits for our retired employees. The total balance for post retirement benefits was US\$96.2 million and US\$143.8 million as of December 31, 2013 and 2012, respectively.

On June 20, 2000, the Ministry of Manpower issued a decree which requires companies to pay their employees termination, gratuity and compensation benefits in the case of dismissal from employment, based on an employee's number of years of service, provided certain conditions set forth in this decree are met. We believe that the existing retirement insurance and our policy regarding retirement benefits adequately covers the benefits required under this decree.

To ensure that qualified human resources are always available, we have put in place a competency development program that is planned, systematic and focused on our business development. We provide both in-house and outsourced training and education programs, including local and international engineering and maintenance programs benchmarked against those of other gas companies.

RELATIONSHIP WITH THE GOVERNMENT

We have various relationships with the Government including the relationships outlined below.

Government as Shareholder

As at December 31, 2013 the Government held 56.97% of our outstanding common shares. The Government holds its interest in us through the MSOE. As our principal shareholder, the Government is interested in our performance in terms of the benefits we provide to the Government, such as our ability to provide a return on the Government's investment in us. The Government, through the MSOE, is also the holder of the Special Share, which has special rights. The material rights and restrictions that are applicable to our shares are also applicable to the Special Share, except that the Government may not transfer the Special Share and, as the holder of the Special Share, the Government must attend the general meeting of shareholders and has approval power with respect to:

- nomination, election or removal of Directors and Commissioners;
- amendment to our Articles of Association including in relation to changes to our capital structure;
- merger, consolidation or acquisition; and
- dissolution or liquidation.

As at December 31, 2013, except for the Government, based on public filings and to our knowledge, no shareholder held 5% or more of our shares or voting rights. See "Risk Factors — Risks Relating to our Business — We are subject to the control of the Government and there is no guarantee that they will always act in our best interest."

Under OJK regulations, as we are listed on an IDX, any transaction in which there is a conflict of interest (as defined below) must be approved by an independent majority of the shareholders, (i.e., shareholders who do not have a conflict of interest in respect of the proposed transaction), unless the conflict existed before we were listed and was fully disclosed in the offering documents. A "conflict of interest" is defined in OJK regulation as a difference between our economic interests and the personal economic interests of our Directors, Commissioners, or our principal shareholders (defined as a holder of 20% or more of our issued shares) that may cause us a loss. The OJK has the power to enforce this rule, and our shareholders may also bring enforcement action based on this rule.

Transactions between us and other State-owned or controlled enterprises such as joint enterprises or arrangements could constitute conflict of interest transactions under the OJK regulations, and the approval of disinterested shareholders would have to be obtained if a conflict of interest were to exist. See "Risk Factors — Risks Relating to Indonesia — The application of OJK conflict of interest rules may cause us to forego transactions that are in our best interests."

Government as Regulator

The Government regulates the Indonesian downstream gas industry through BPH Migas, the downstream oil and gas regulator. In particular, BPH Migas' policies on matters such as tariffs and open access could have a significant effect on our competitive position, operations and financial condition. On January 14, 2013, the Government established SKK Migas to manage upstream oil and gas business activities. The SKK Migas mandate is to maximize the benefits and revenues to the state from the upstream market for the greatest welfare of the people. See "Regulatory Overview of Oil and Gas Activities in Indonesia."

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Company” refers only to PT Perusahaan Gas Negara (Persero) Tbk, a state-owned company incorporated with limited liability under the laws of the Republic of Indonesia, and any successor obligor on the Notes, and not to any of its Subsidiaries. The Notes are to be issued under an indenture (the “Indenture”), to be dated as of the Original Issue Date, between the Company and The Bank of New York Mellon, as trustee (the “Trustee”).

The following is a summary of certain provisions of the Indenture and the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture and the Notes. It does not restate the provisions of the Indenture or the Notes in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available on or after the Original Issue Date during normal office hours at the corporate trust office of the Trustee at 101 Barclay Street, 22nd Floor, New York, NY 10286.

Brief Description of the Notes

The Notes will:

- (a) be direct, unsecured and unsubordinated obligations of the Company;
- (b) be senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- (c) rank at least *pari passu* in right of payment with all other unsecured and unsubordinated Debt of the Company (subject to any priority rights of such unsubordinated Debt pursuant to applicable law); and
- (d) be effectively subordinated to secured obligations of the Company and the obligations of its subsidiaries.

The Company will initially issue US\$1,350,000,000 in aggregate principal amount of the Notes, which will mature on May 16, 2024 unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows the Company to issue additional Notes from time to time (“Additional Notes”), subject to certain limitations described under “— Further Issues” and applicable law. The Notes offered hereby and any Additional Notes may be treated as a single class for all purposes under the Indenture.

Interest

The Notes will bear interest at 5.125% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semiannually in arrears on November 16 and May 16 of each year (each an “Interest Payment Date”) commencing November 16. Interest on the Notes will be paid to Holders of record at the close of business on each November 1 or May 1 immediately preceding an Interest Payment Date (each a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Payment of Notes

In any case in which the date of the payment of principal of, premium, if any, or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day in the relevant place of payment, then payment of principal, premium, if any, or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day will have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date. Interest on overdue principal and interest and Additional Amounts, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. See “— Book-Entry; Delivery and Form.” No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars in immediately available funds by the Company at the office or agency of the Company maintained for that purpose in New York (which initially will be the corporate trust administration office of The Bank of New York Mellon (the “Paying Agent”), currently located at 101 Barclay Street, 22nd Floor, New York, NY 10286, and the Notes may be presented for registration of transfer or exchange at such office or agency. However, at the option of the Company, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through DTC will be available to DTC participants (as defined herein) on the Business Day following payment thereof.

Further Issues

Subject to the covenants described below, the Company may, from time to time, without notice to or the consent of the Holders, issue Additional Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; provided that, in order for Additional Notes to have the same CUSIP, ISIN, or other identifying number as the outstanding Notes, the Additional Notes must be fungible with the outstanding Notes for U.S. federal income tax purposes.

In addition, the issuance of any Additional Notes by the Company will be subject to the following conditions:

- (a) the Company shall have delivered to the Trustee an Officers’ Certificate, in form and substance satisfactory to the Trustee, confirming that the issuance of the Additional Notes complies with the Indenture; and
- (b) the Company shall have delivered to the Trustee one or more Opinions of Counsel, in form and substance satisfactory to the Trustee, confirming, among other things, (i) that the issuance of the Additional Notes does not conflict with applicable law and (ii) that such Additional Notes will constitute legally valid and binding obligations of the Company, enforceable in accordance with their terms, subject to customary exceptions.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Company will make a Change of Control Offer to purchase all outstanding Notes (a “Change of Control Offer”) at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the Change of Control Offer Payment Date.

The Company will agree in the Indenture that it will timely repay all Debt or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding these agreements, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Debt, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Debt, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, the Company would continue to be prohibited from purchasing the Notes. In that case, the failure of the Company to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes will also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future Debt of the Company or its Subsidiaries may also (1) prohibit the Company from purchasing the Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require the repayment or repurchase of such Debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Debt, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Company or its Subsidiaries. The ability of the Company to pay cash to Holders of the Notes following the occurrence of a Change of Control Triggering Event may be limited by the financial resources then available to the Company. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “Risk Factors — Risks Relating to the Notes — We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control triggering event or otherwise as required by the Indenture governing the Notes.”

Notwithstanding the above, the Company will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer to be made by the Company and such third party purchases all Notes validly tendered and not withdrawn under such Change of Control.

A Holder will have no right to require the Company to repurchase portions of Notes if it would result in the issuance of new Notes, representing the portion not purchased, in an amount of less than US\$200,000.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described hereunder by virtue of its compliance with such laws and regulations.

Except as described above with respect to a Change of Control Offer, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Sinking Fund

There will be no sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium, if any, and interest on the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company or the Surviving Person (as defined under the caption “Consolidation, Merger and Sale of Assets”) is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) or through which payment is made on behalf of the Company or the Surviving Person (each, as applicable, a “Relevant Taxing Jurisdiction”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law.

In such event, the Company or the Surviving Person, as the case may be, will make or cause to be made such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required. However, no Additional Amounts will be payable:

- (a) for or on account of:
 - (i) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (A) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Taxing Jurisdiction including, without limitation, such Holder or beneficial owner being or having been a citizen or resident of such Relevant Taxing Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein, other than merely holding such Note or the receipt of payments thereunder or enforcing payment under the Note;
 - (B) the presentation of such Note (where presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;
 - (C) the failure of the Holder or beneficial owner to comply with a timely request of the Company or the Surviving Person, as the case may be, addressed to the Holder, to provide information to the Company or the Surviving Person concerning such Holder’s or beneficial owner’s nationality, residence, identity or connection with any Relevant Taxing Jurisdiction if and to the extent that due and timely compliance with such request is required under the laws of a Relevant Taxing Jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; provided that the provision of any information, certification, identification or documentation or other reporting requirement described in this clause (a)(i)(C) would not be materially more onerous, in form, in procedure, or in the substance of information disclosed, to a Holder or beneficial owner of a Note than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as U.S. Internal

Revenue Service Forms W-8BEN and W-9, or any successor forms); provided *further* that no Holder or beneficial owner of a Note shall have any obligation to establish eligibility for a reduced withholding tax rate under any income tax treaty, or

- (D) the presentation of such Note (where presentation is required) for payment in the Relevant Taxing Jurisdiction, unless such withholding or deduction could not have been avoided by presenting the Note for payment elsewhere;
- (ii) any estate, inheritance, gift, sale, transfer or similar tax, assessment or other governmental charge;
- (iii) any withholding or deduction in respect of any tax, duty, assessment or other governmental charge where such withholding or deduction is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives;
- (iv) any tax, duty, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of or interest or any premium on the Note; or
- (vi) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii) and (iv); or
- (b) with respect to any payment of the principal of, or premium, if any, or interest on, such Note to such Holder, if the Holder is a fiduciary, corporation, limited liability company, partnership or person other than the sole beneficial owner of any payment to the extent that, under the laws of a Relevant Taxing Jurisdiction, such payment would be required to be included in income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a shareholder of that corporation, a member of that partnership or limited liability company or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, shareholder, partner, or beneficial owner been the Holder thereof; or
- (c) any combination of clauses (a) and (b).

For the avoidance of doubt, any amounts to be paid by the Company on the Notes will be paid net of any deduction or withholding required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (the “Code”), as amended, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a “FATCA Withholding Tax”), and the Company will not be required to pay additional amounts on account of any FATCA Withholding Tax.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of Notes.

Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note, such mention will be deemed to include payments of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

In addition to the foregoing, the Company or the Surviving Person, as the case may be, will also pay and indemnify the Holder or beneficial owner, as applicable, for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties and interest) which are levied by any jurisdiction on the execution, delivery, issuance, registration, redemption or retirement of any of the Notes or the Indenture or any other document referred to therein (other than a transfer of the Notes after this offering) or any such taxes, charges or similar levies imposed by the United States, Indonesia, or any political subdivision thereof as a result of, or in connection with, the enforcement of any of the Notes.

Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Company or the Surviving Person, as a whole but not in part, by giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to (but not including) the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date"), if the Company or the Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by taking reasonable measures (including an appointment of a new paying agent) by the Company or the Surviving Person, as the case may be, as a result of:

- (a) any change in, or amendment to, the laws or any regulations or rulings promulgated thereunder of a Relevant Taxing Jurisdiction affecting taxation; or
- (b) any change in, or amendment to, an official position regarding the application, administration or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice),

which change or amendment is announced and becomes effective on or after the Original Issue Date with respect to any payment due or to become due under the Notes or the Indenture (or, if the Relevant Taxing Jurisdiction was not a Relevant Taxing Jurisdiction on the Original Issue Date, the date on which such jurisdiction became a Relevant Taxing Jurisdiction under the Indenture).

Notwithstanding the above, (i) no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Company or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due, and (ii) if such requirement to pay Additional Amounts is due to taxes of the Republic of Indonesia (or any political subdivision or taxing authority thereof or therein), the Company or the Surviving Person shall only be permitted to redeem the Notes in accordance with the provisions above if the rate of withholding or deduction in respect of which Additional Amounts are required is in excess of 20.0%.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee:

- (a) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, and describing the facts related thereto and stating that such requirement cannot be avoided by the Company, taking reasonable measures available to it; and
- (b) an Opinion of Counsel of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction stating that the requirement to pay such Additional Amounts, and withhold or deduct such taxes, duties, assessments or other government charges results from such change or amendment referred to in the prior paragraph.

The Trustee will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, and it will be conclusive and binding on the Holders. The Trustee will not investigate or verify such certificate and opinion.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Negative Pledge

So long as any of the Notes are outstanding, the Company will not create or permit to exist, and the Company will ensure that none of its Material Subsidiaries will create or permit to exist, any Lien for the benefit of the holders of any Securities on the whole or any part of its property or assets, present or future, to secure: (i) payment of any sum due in respect of any Securities; (ii) any payment under any guarantee of any Securities; or (iii) any indemnity or other like obligation in respect of any Securities, without in any such case, at the same time or prior thereto, making effective provision whereby the Notes are accorded (x) the same Liens equally and ratably as are created or subsisting to secure any such Securities or (y) such other Liens as may be consented to by the holders of a majority in aggregate principal amount of the outstanding Notes.

However, the foregoing restriction shall not apply to (a) any Lien existing on any property or assets at the time of acquisition of such property or assets by the Company; provided that such Lien was not created, and the principal, capital or nominal amount of the Securities secured by such Lien outstanding at the time of such acquisition was not increased, in contemplation of such acquisition or in connection therewith, and (b) any Lien arising out of the refinancing, extension, renewal or refunding of any Securities secured by any such Lien; provided that the principal, capital or nominal amount of such Securities is not increased and such Securities are not secured by any additional property or assets.

Use of Proceeds

The Company will use the proceeds received from the Notes as set forth in this Offering Memorandum under the caption "Use of Proceeds".

Provision of Financial Statements and Reports

For so long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than ten calendar days after they are filed with the Indonesia Stock Exchange, true and correct copies of any financial or other report in the English language (and an English translation of any financial or other report in any other language) filed with such exchange; provided that, if at any time the Capital Stock of the Company ceases to be listed for trading on the Indonesia Stock Exchange, the Company will file with the Trustee and furnish to the Holders upon request:

- (a) as soon as they are available, but in any event within 120 calendar days after the end of its fiscal year, copies of its financial statements (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally recognized firm of independent accountants; and
- (b) as soon as they are available, but in any event within 60 calendar days after the end of each of its first, second and third fiscal quarters, copies of its financial statements (on a consolidated basis) in respect of such period (including a statement of income, balance sheet and cash flow statement) prepared on a basis consistent with its audited financial

statements, together with a certificate signed by the Person then authorized to sign financial statements on behalf of it, to the effect that such financial statements are true in all material respects and present fairly its financial position as at the end of, and the results of its operations for, the relevant quarterly period.

If the Company makes any financial or other report (or any English translation of any financial or other report in any other language) described above available under the “Investors” section of its corporate website, the Company will be deemed to have satisfied the foregoing obligation to furnish such report (or such translation) to the Holders upon request.

In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee promptly and in any event within 15 days after it obtains actual knowledge of the occurrence thereof, written notice of the occurrence of any event or condition which constitutes an Event of Default and an Officer’s Certificate setting forth the details thereof and the action it is taking or proposes to take with respect thereto.

Further, the Company has agreed that, for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, during any period in which the Company is neither subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Company will supply to (i) any Holder or beneficial owner of a Note or (ii) a prospective purchaser of a Note or a beneficial interest therein designated by such Holder or beneficial owner, the information specified in, and meeting the requirements of Rule 144A(d)(4) under the Securities Act upon the request of any Holder or beneficial owner of a Note.

Events of Default

The following events will be defined as “Events of Default” in the Indenture:

- (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (c) default in the performance of or breaches of the provisions of the covenants described under “— Consolidation, Merger and Sale of Assets” or fails to make or consummate a Change of Control Offer in the manner described under the caption “— Repurchase of Notes Upon a Change of Control Triggering Event”;
- (d) default in the performance of or breaches of any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 60 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the outstanding Notes;
- (e) there occurs with respect to any Debt of the Company or any of its Material Subsidiaries having an outstanding principal amount of US\$50.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Debt of all such Persons, whether such Debt now exists or will hereafter be created, (A) an event of default that has caused the holder thereof to declare such Debt to be due and payable prior to its Stated Maturity or (B) the failure to make a payment of principal (subject to the applicable grace period in the relevant documents) of such Debt when the same becomes due;

- (f) one or more final judgments or orders for the payment of money are rendered against the Company or any of its Material Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$50.0 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (g) an involuntary case or other proceeding is commenced against the Company or any Material Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Material Subsidiary or for any substantial part of the property and assets of the Company or any Material Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Material Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect; or
- (h) the Company or any Material Subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Material Subsidiary or for all or substantially all of the property and assets of the Company or any Material Subsidiary or (iii) effects any general assignment for the benefit of creditors.

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes, then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders will, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest will be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding will automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and the Trustee, may on behalf of all of the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences with respect to the Notes if:

- (a) the Company pays or deposits with the Trustee a sum sufficient to pay all monies then due with respect to the Notes (other than amounts due solely because of such declaration of acceleration) and all other existing Events of Default have been cured or waived, and
- (b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse

to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders.

A Holder may not pursue or institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (a) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (b) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (c) such Holder or Holders offer the Trustee indemnity reasonably satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;
- (d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and
- (e) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest, and Additional Amounts, if any, on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right will not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee, on or before a date not more than 120 calendar days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Subsidiaries and the Company's performance under the Indenture and the Notes and that the Company has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "— Provision of Financial Statements and Reports."

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets, computed on a consolidated basis with its Subsidiaries, (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (a) the Company will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") will be a corporation organized and validly existing under the laws of the jurisdiction in which it is organized and will expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, including the obligation to pay Additional Amounts, and the Indenture and the Notes will remain in full force and effect;
- (b) immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing; and

- (c) the Company delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with and that the relevant supplemental indenture is enforceable.

For purposes of this covenant, the conveyance, transfer or lease of all or substantially all of the property or assets of one or more Subsidiaries of the Company, which constitutes all or substantially all of the property or assets of the Company and its Subsidiaries on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the property or assets of the Company.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company that may adversely affect Holders.

Payments for Consents

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment. Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange offer, the Company and any of its Subsidiaries may exclude (i) holders or beneficial owners of the Notes that are not institutional "accredited investors" as defined in subparagraphs (a)(1), (2), (3) or (7) of Rule 501 under the Securities Act, and (ii) holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such holders or beneficial owners would require the Company or any of its Subsidiaries to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below and payments of all amounts due to the Trustee were made, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust and to pay Additional Amounts) if, among other things:

- (a) the Company has (i) deposited with the Trustee, in trust, cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the

Notes and (ii) delivered to the Trustee (x) a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and the Notes and (y) an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive security in such trust;

- (b) the Company has delivered to the Trustee (i) either (x) an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters which is based on a change in applicable U.S. federal income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Company's exercise of its option under this "— Defeasance and Discharge" provision and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Company or the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (ii) an Opinion of Counsel to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;
- (c) the Company has delivered to the Trustee an Officers' Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others; and
- (d) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, will have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any Material Subsidiary is a party or by which the Company or any Material Subsidiary is bound.

Amendments and Waivers

Amendments Without Consent of Holders

The Indenture may be amended or supplemented, without the consent of any Holder of Notes, to:

- (a) cure any ambiguity, defect or inconsistency in the Indenture or the Notes;
- (b) comply with the provisions described under "Certain Covenants — Consolidation, Merger and Sale of Assets";
- (c) evidence and provide for the acceptance of appointment by a successor Trustee;
- (d) add any guarantor or guarantee with respect to the Notes;
- (e) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (f) effect any change in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

- (g) effect any changes to the Indenture in a manner necessary to comply with the procedures of DTC;
- (h) provide collateral to secure the Notes;
- (i) make any other change that does not materially and adversely affect the rights of any Holder of Notes;
- (j) comply with the rules of any applicable securities depository; or
- (k) conform the text of the Indenture or the Notes to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision of the Indenture or the Notes.

Amendments With Consent of Holders

Amendments of the Indenture may be made by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in aggregate principal amount of the outstanding Notes may waive future compliance by the Company with any provision of the Indenture or the Notes. However, no such modification, amendment or waiver may, without the consent of each Holder:

- (a) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (b) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (c) change the currency, time or place of payment of principal of, or premium, if any, or interest on, any Note;
- (d) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;
- (e) reduce the above stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture, to waive compliance with certain provisions of the Indenture or to waive certain defaults;
- (f) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (g) amend, change or modify (i) the obligation of the Company in respect of the due and punctual payment of the principal of, premium, if any, or interest on, any Note; (ii) the obligation of the Company to pay Additional Amounts, or (iii) the ranking of the Notes, in each case, in a manner that adversely affects the Holders; or
- (h) reduce the premium payable upon the redemption or repurchase of any Note or change the time at which any Note may be redeemed or repurchased as described above under the captions “— Repurchase of Notes Upon a Change of Control Triggering Event,” or “— Redemption for Taxation Reasons.”

No Personal Liability of Incorporators, Shareholders, Directors, Commissioners, Officers or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture, or in any of the Notes or because of the creation of any Debt represented thereby, will be had against any incorporator, shareholder,

director, commissioner, officer, employee or controlling person of the Company or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under the applicable securities laws.

Concerning the Trustee and the Paying Agent

The Bank of New York Mellon is to be appointed as Trustee under the Indenture and as registrar and Paying Agent. Except during the continuance of an Event of Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Trustee is permitted to engage in transactions with the Company and its Affiliates; provided that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will be under no obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders, unless such Holders have offered to the Trustee and, if the Trustee accepts such offer, the Trustee has received, indemnity or security satisfactory to the Trustee against any loss, liability or expense. In the exercise of its duties, the Trustee shall not be responsible for the verification of the accuracy or completeness of any certification submitted to it by the Company and is entitled to rely exclusively on the certification contained therein. Notwithstanding anything described herein, the Trustee has no duty to monitor the performance or compliance of the Company in the fulfillment of its obligations under the Indenture and the Notes.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive Notes. In addition, in the event that a Global Note is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

Book-Entry; Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons. Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Regulation S Global Note") and will be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream. Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Restricted Global Note"; and together with the Regulation S Global Notes, the "Global Notes") and will be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC.

Each Global Note (and any Notes issued for exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "Transfer Restrictions."

Notes transferred to institutional "accredited investors" (as defined in Rule 501(a) (1), (2), (3) or (7) of Regulation D under the Securities Act (an "Institutional Accredited Investor")) who are not qualified institutional buyers ("Non-Global Purchasers") will be in registered form without interest coupons ("Certificated Notes"). Upon the transfer of Certificated Notes initially issued to a

Non-Global Purchaser to a qualified institutional buyer or in accordance with Regulation S, such Certificated Notes will, unless the relevant Global Note has previously been exchanged in whole for Certificated Notes, be exchanged for an interest in a Global Note. For a description of the restrictions on the transfer of Certificated Notes, see “Transfer Restrictions”.

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC (“participants”) or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Beneficial owners may hold their interests in a Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC’s applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Company, the Trustee nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Company also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

The Company expects that DTC will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note is credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC will exchange the applicable Global Note for Certificated Notes, which it will distribute to its participants and which may be legended as set forth under the heading “Transfer Restrictions.”

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Note among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, the Trustee or the Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depository for the Global Notes and a successor depository is not appointed by the Company within 90 days, the Company will issue Certificated Notes in registered form, which may bear the legend referred to under “Transfer Restrictions”, in exchange for the Global Notes. Holders of an interest in a Global Note may receive Certificated Notes, which may bear the legend referred to under “Transfer Restrictions,” in accordance with the DTC’s rules and procedures in addition to those provided for under the Indenture.

The Clearing Systems

General

DTC, Euroclear and Clearstream have advised the Company as follows:

DTC: DTC is a limited-purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. DTC’s participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the initial purchaser. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly (“indirect participants”). Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of and interest on the Notes from the Trustee through such DTC participant.

Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Initial Settlement

Investors’ interests in Notes held in book-entry form by DTC will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Euroclear and Clearstream will hold positions on behalf of their participants through DTC.

Investors electing to hold their Notes through DTC (other than through accounts at Euroclear or Clearstream) must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same day funds on the settlement date.

Investors electing to hold their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear Holders and of Clearstream Holders on the Business Day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if a transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering or receiving Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to the U.S. depositories.

Because of time zone differences, credits of Notes received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream participants or Euroclear participants on such Business Day. Cash received in Clearstream or Euroclear as a result of sales of Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

The Notes will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Company or the Trustee) addressed to the Company or the Trustee, as the case may be, at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of DTC. Any such notice will be deemed to have been delivered on the day such notice is delivered to DTC or if by mail, when so sent or deposited.

Language

The Notes and the Indenture will be executed in both English and Bahasa Indonesia to comply with Law 24 of 2009 regarding Flag, Language, National Emblem and National Anthem enacted July 9, 2009, and in the event of any inconsistency between the English and Bahasa Indonesia versions of these documents, the English version shall prevail. See "Risk Factors — Risks Relating to the Notes — Uncertainty of English language used in the Indenture and certain other documents entered into in connection with the issuance of the Notes under Indonesian law. The Indenture and certain other

documents entered into in connection with the issuance of the Notes will also be prepared in Bahasa Indonesia as required under Indonesian Law. However, there can be no assurance that, in the event of inconsistencies between the Bahasa Indonesia and English language versions of these documents, an Indonesian court would hold that the English language versions of such documents would prevail.”

Consent to Jurisdiction; Service of Process

The Company will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes or the Indenture or any transaction contemplated thereby and (ii) designate and appoint Law Debenture Corporate Services Inc., located at 400 Madison Avenue, 4th Floor, New York, New York, 10017, for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of law principles thereof.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this “Description of the Notes” for which no definition is provided.

“Affiliate” means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or (ii) who is a commissioner, director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Singapore or Indonesia or the city where the corporate trust office of the Trustee is then located are authorized by law or governmental regulation to close; provided that, solely for purposes of determining the date of any payment to be made on any Note, “Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Singapore, Indonesia or the place in which payments on the Notes are to be made are authorized by law or governmental regulation to close.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter.

“Change of Control” means the occurrence of any event resulting in the government of the Republic of Indonesia ceasing to directly own and control at least 51% of the Company’s issued and paid-up shares. To maintain the Company’s status as a state-owned entity, the government of the Republic of Indonesia is required to own at least 51% of the Company’s issued and paid up shares pursuant to Law No. 19 of 2003 on State Owned Companies as in effect on the Original Issue Date.

“Change of Control Offer” means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by prepaid courier or first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

- (a) that the offer is being made pursuant to the provision of the Indenture described under the caption “Repurchase of Notes Upon a Change of Control Triggering Event” and that all Notes validly tendered will be accepted for payment on a pro rata basis;
- (b) the purchase price and the date of purchase (which will be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Change of Control Offer Payment Date”);
- (c) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (d) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on and after the Change of Control Offer Payment Date;
- (e) that Holders electing to have a Note purchased pursuant to the Change of Control Offer will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Change of Control Offer Payment Date;
- (f) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Change of Control Offer Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased;
- (g) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued will be in a principal amount of US\$200,000 or integral multiples of US\$1,000 in excess thereof; and
- (h) the CUSIP number(s) of the Notes.

One Business Day prior to the Change of Control Offer Payment Date, the Company will deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Change of Control Offer Payment Date. On the Change of Control Offer Payment Date, the Company will (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to a Change of Control Offer; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers’ Certificate specifying the Notes or portions thereof accepted for payment by the Company.

The Paying Agent will promptly mail to the Holders the accepted payment in an amount equal to the purchase price, and the Trustee will promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; provided that each Note purchased and each new Note issued will be in a principal amount of US\$200,000 or integral multiples of US\$1,000 in excess thereof. The Company will publicly announce the results of a Change of Control Offer as soon as practicable after the Change of Control Offer Payment Date.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Change of Control Offer, including a brief

description of the events requiring the Company to make the Change of Control Offer, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Change of Control Offer.

“Change of Control Triggering Event” means a Change of Control. However, in the event that the Notes are, on the Rating Date, rated Investment Grade by two or more Rating Agencies, a Change of Control Triggering Event shall mean the occurrence of both a Change of Control and a Rating Decline. No Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

“Clearstream” means Clearstream Banking, société anonyme, Luxembourg or any successor thereof.

“Debt” means, with respect to any Person as of any date of determination, without duplication, (i) all obligations, contingent or otherwise, of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, notes or other similar instruments, (iii) all obligations of such Person in respect of letters of credit or other similar instruments, (iv) all obligations of such Person to pay the unpaid purchase price of any property or service, (v) all obligations secured by a Lien on any property or asset of such Person, whether or not such obligations are assumed by such Person and (vi) all obligations of others guaranteed by such Person to the extent of such guarantees and, for clauses (i), (ii), (iii) and (vi), which has a final maturity of one year or more. The amount of Debt of any Person as of any date of determination shall be the outstanding balance at such date of all unconditional obligations as described above, the maximum liability of such Person for any such contingent obligations at such date and, in the case of clause (v), the lesser of the fair market value (as determined in good faith by the board of directors of such Person) at such date of the property or asset of such Person subject to a Lien securing the obligations of others and the amount of such obligations secured.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“DTC” means The Depository Trust Company and its successors.

“Euroclear” means Euroclear Bank S.A./N.V. or any successor thereof.

“GAAP” means generally accepted accounting principles in Indonesia as in effect from time to time.

“guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in

any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term “guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “guarantee” used as a verb has a corresponding meaning.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Investment Grade” means a rating of “AAA”, “AA”, “A” or “BBB”, as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns; a rating of “Aaa”, “Aa”, “A” or “Baa”, as modified by a “1”, “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns; a rating of “BBB-“ or better by Fitch or any of its successors or assigns; or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P, Moody’s, or Fitch or any combination thereof, as the case may be.

“Lien” means any mortgage, pledge, fiduciary, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind but excluding liens arising by operation of law).

“Material Subsidiary” means any Subsidiary that owns a Principal Property.

“Note Documents” means the Indenture and the Notes.

“Officer” means one of the executive officers or directors of the Company.

“Officers’ Certificate” means a certificate signed by two Officers.

“Opinion of Counsel” means a written opinion from legal counsel which opinion is reasonably acceptable to the Trustee that meets the requirements of the Indenture; provided that legal counsel shall be entitled to rely on a certificate of the Company as to matters of fact.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Principal Property” means any asset or property of the Company or a Subsidiary whether at the date of initial issuance of the Notes owned or thereafter acquired other than any such asset or property, or portion thereof, reasonably determined by the Company not to be of material importance to the total business conducted by the Company and its Subsidiaries, taken as a whole.

“Rating Agencies” means (i) Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors (“S&P”); (ii) Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors (“Moody’s”); (iii) Fitch Inc., a subsidiary of Fimalac, S.A., and its successors (“Fitch”); and (iv) if one or more of S&P, Moody’s or Fitch or shall not make a rating of the Notes publicly available, a United States nationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody’s or Fitch or any combination thereof, as the case may be.

“Rating Date” means, in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (i) a Change of Control and (ii) a public notice of the occurrence of a Change of Control.

“Rating Decline” means, in connection with a Change of Control Triggering Event, the occurrence on, or within 90 days after, the date, or public notice of the occurrence of, a Change of Control (which period shall be extended (by no more than an additional three months after the consummation of the Change of Control) so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of the following event: the Notes are (a) on the Rating Date rated Investment Grade by at least two Rating Agencies and (b) cease to be rated Investment Grade by at least two of such Rating Agencies.

“Securities” means bonds, debentures, notes or other similar securities having an original maturity of more than one year from its date of issue which (1) are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market, and (2) either (A) are by their terms payable, or confer a right to receive payment, in any currency other than Rupiah or (B) are denominated in Rupiah and more than 50% of the aggregate principal amount of the offering of such securities is initially distributed outside Indonesia by or with the Company’s consent.

“Stated Maturity” means, (1) with respect to any Debt, the date specified in such debt security as the fixed date on which the final installment of principal of such Debt is due and payable as set forth in the documentation governing such Debt and (2) with respect to any scheduled installment of principal of or interest on any Debt, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Debt.

“Subsidiary” means (i) any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Company or (ii) any subsidiary subject to consolidation with the Company’s financial statements under GAAP.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

TAXATION

The following discussion is a summary of certain Indonesian income tax consequences and certain U.S. federal income tax consequences under present law of the purchase, ownership and disposition of the Notes. It addresses only purchasers who will hold Notes as capital assets and, in the case of the U.S. discussion, use the U.S. Dollar as their functional currency; it does not address the tax treatment of investors subject to special rules including banks, dealers, insurance companies, tax-exempt entities, and persons holding Notes as part of a hedge, straddle, conversion or constructive sale transaction. It does not address state, local and foreign tax consequences of ownership and disposition of Notes.

Indonesian Taxation

The following is a summary with respect to taxes imposed by the Government of Indonesia. The summary does not address any laws other than the tax laws of Indonesia.

General

In general, an individual is considered to be a non-resident of Indonesia if the individual does not reside in Indonesia or does not stay in Indonesia for more than 183 days within a twelve month period. An entity will be considered a non-resident of Indonesia if the entity is not established and not domiciled in Indonesia. In Indonesia, domicile is determined primarily according to the principal place of management. In determining the residency and tax status of an individual or corporation, consideration will also be given to the provision of any applicable double tax treaty which Indonesia has concluded with other countries (“Tax Treaty”). In this section, both a non-resident individual and a non-resident company will be referred to as “non-resident taxpayers.”

Resident taxpayers are generally subject to income tax in Indonesia on their net taxable income at the rate of 25% for corporate taxpayers and at progressive rates (up to a maximum of 30%) for individual taxpayers. However, in calculating net taxable income for these purposes certain types of income may be excluded, including income subject to final withholding tax at the source on the gross amount paid.

Non-resident taxpayers who derive Indonesian sourced income, including interest, are generally subject to a final withholding tax on that income at a rate of 20%, as long as the income is not effectively connected with a permanent establishment of the non-resident in Indonesia. This withholding tax may be reduced or eliminated under the provisions of any applicable Tax Treaty. If the income is effectively connected with a permanent establishment in Indonesia, such income shall be regarded as income earned by the permanent establishment, and is taxable in the same manner as for resident taxpayers. Furthermore, a branch profit tax of 20% will be imposed on the net profit after tax of the permanent establishment.

Withholding Tax on Interest

Based on Government Regulation No. 16/2009 dated February 9, 2009, which has been amended by Government Regulation No. 100/2013 dated December 31, 2013 (“GR No-16”) and Ministry of Finance Regulation No. 85/PMK.03/2011 (“MoF Reg No-85”) dated May 23, 2011, which has been amended by Ministry of Finance Regulation No 07/PMK.011/2012 (“MoF Reg No-07”), any amount paid by a company in the form of interest and/or discount (which in general is also treated as interest) in relation to the Notes will be subject to a final withholding tax under Article 4(2) in Indonesia. Interest is taxed on the gross value, while discount is taxed on the difference between the transfer value (or nominal value if held to maturity date) and acquisition cost of the Notes. The definition of discount is the difference between the transfer value and the nominal value of the Notes, and also the difference between the transfer value and the acquisition cost of the Notes.

For a resident taxpayer or non-resident taxpayer with a permanent establishment, a final withholding tax of 15% applies to interest received on the Notes. However, an Indonesian bank or foreign bank having a permanent establishment in Indonesia is exempt from this tax. A special tax rate of 5% is available for interest received by a mutual fund taxpayer starting from 2014 until 2020, and a special tax rate of 10% applies from 2021 onwards, provided that the mutual fund is registered at OJK.

For a non-resident taxpayer, a final withholding tax of 20% applies to interest received on the Notes. However, the withholding tax rate could be reduced or exempt under an applicable Tax Treaty. For example, under the U.S.-Indonesia Tax Treaty, the interest withholding tax rate is reduced to 10%. Application of the reduced withholding tax rate is subject to requirements under the applicable Tax Treaty and the Indonesian tax regulations (see “— Anti-Avoidance Rule on the Tax Treaty and Certificate of Domicile (“CoD”) Requirements” below). As described under “Description of the Notes — Additional Amounts”, the Company will be required to pay Additional Amounts in respect of payments under or with respect to the Notes.

Withholding Tax on Sale or Disposal of Notes

Based on GR No. 16 and MoF Reg No-85, which has been amended most recently by MoF Reg No-07, gains from the disposal of the Notes are considered interest that is subject to the final withholding tax outlined above.

Gains from the disposal of the Notes derived by a resident taxpayer, whether an individual or a corporation, or by a non-resident taxpayer with a permanent establishment, are subject to final withholding tax at the rate of 15%. Non-resident taxpayers that derive gains from the disposal of the Notes will be subject to 20% final withholding tax.

Under Article 3A of MoF Reg No-07, any negative discount or loss incurred from the disposal of the Notes can be deducted from the amount of interest income in calculating the withholding tax on interest.

Article 4(2) Tax Withholder Obligations

Based on Article 4 of MoF Reg No-85, the following parties are liable for the withholding tax obligation on interest on the Notes or gains from disposal of the Notes:

- (a) Bond issuer or custodian as appointed paying agent, with respect to:
 - interest and/or discount received or earned by the noteholders of interest bearing notes on the interest payment date; and
 - discount received or gained by the noteholders of non-interest bearing notes at the maturity of the notes;
- (b) Securities companies, dealers, or banks, acting as an intermediary (broker), in regard to interest on the Notes and/or discount received or gained by the noteholders (sellers) during transactions; and/or
- (c) Securities companies, dealers, banks, pension funds, and mutual funds, as a direct buyer of the Notes without intermediary (broker) parties, with respect to interest on the Notes and/or discount received or gained by the noteholders (sellers) during a sale of the Notes.
- (d) If the Notes are directly sold without intermediary parties (brokers), a custodian or sub-registry (as a recording party of the ownership change of the Notes) will be required to withhold the final withholding tax payable from the noteholders (sellers) before the ownership change is completed.

Anti-Avoidance Rule on the Tax Treaty and Certificate of Domicile (“CoD”) Requirements

Indonesia has concluded tax treaties with a number of countries, including the United States of America, the United Kingdom, the Netherlands, Australia, Belgium, Canada, France, Germany, Japan, Singapore, Sweden and Switzerland. The relevant Tax Treaty may affect the definition of non-resident taxpayers and level of withholding tax applied to payments on the Notes.

Where a Tax Treaty exists and the eligibility requirements of that treaty are satisfied, a reduced rate of withholding tax may be applicable on interest (or payments in the nature of interest, such as premium or discount).

Indonesia has specific rules regarding the application of benefits under the various Tax Treaties. The requirements include absence of misuse of the Tax Treaty, as well as administrative requirements under Indonesian tax regulations that are applicable to non-resident taxpayers. Some Tax Treaties also provide an exemption from Indonesian tax on any capital gains of non-resident taxpayers arising from alienation of certain properties in Indonesia.

Below are more specific requirements to obtain Tax Treaty benefits in Indonesia:

In order for a non-resident recipient of payment from Indonesia to be eligible for Tax Treaty relief, it must:

- (a) not be an Indonesian tax resident;
- (b) fulfill administrative requirements necessary to implement the Tax Treaty provisions; and
- (c) not commit any Tax Treaty misuse.

The administrative requirements a non-resident taxpayer must meet to apply the Tax Treaty relief include providing a valid CoD form, which must be:

- (a) in the form prescribed by the Directorate General of Taxation (i.e., Form DGT-1 or Form DGT-2, where applicable);
- (b) filled in completely by the non-resident;
- (c) signed by the non-resident or marked in a way that is similar to a signature and which marking is considered a common practice in that treaty country;
- (d) certified by the competent tax authority, the legal representative or the tax office official of the treaty country of the non-resident in the form of signature or marked in a way that is similar to a signature and which marking is considered a common practice in that treaty country; and
- (e) submitted prior to the filing of the relevant monthly tax return for the tax period of the tax payable.

The CoD is valid for 12 months from the date of issuance and must be renewed subsequently. However, Form DGT-1 page 2 must be produced by a non-bank non-resident income recipient in respect of each payment of income subject to withholding tax.

Furthermore, the prevailing tax regulation indicates that misuse of a Tax Treaty may occur in the event:

- (a) a transaction does not have economic substance and is structured with the sole purpose of enjoying Tax Treaty benefits;

- (b) a transaction is structured such that the legal form is at variance with the economic substance for the sole purpose of enjoying Tax Treaty benefits; or
- (c) an income recipient is not the beneficial owner of the income (e.g., the income recipient is merely an agent or a nominee or a conduit company).

The beneficial owner criteria shall be applied only to income for which the article in the relevant Tax Treaty contains the beneficial owner requirement.

The “beneficial owner” of income is the non-resident income recipient, provided such person is not acting as an agent, a nominee, or a conduit company. “Agent” is defined as a person or an entity that acts as an intermediary and conducts action for and/or on behalf of another party. A “nominee” is defined as a person or an entity that legally owns an asset and/or income (i.e., a legal owner) for the interests of or based on instruction/mandate from a party who is the actual owner of the asset and/or the party who actually enjoys the benefit of the income. A “conduit company” is defined as a company which enjoys Tax Treaty benefits in relation to income sourced from another country, while the economic benefits of said income is owned by persons in that other country who would not be able to enjoy Tax Treaty benefits if such income were directly received by them. However, in practice the tax office does not apply a look through to the ultimate owner of the economic benefit of the income and therefore immediately denies the application of any Tax Treaty provision if the Indonesian income is paid to a conduit company.

The following non-resident taxpayers, residing in a treaty partner country, shall not be deemed to commit Tax Treaty misuse:

- (a) an individual who is not acting as an agent or a nominee;
- (b) an institution whose name is clearly stated in the Tax Treaty or one that has been jointly agreed by the competent authorities in Indonesia and the treaty partner country;
- (c) a non-resident taxpayer that receives or earns income through a custodian in relation to income from transaction on the transfer of shares or bonds (i.e., the Notes) that are traded or reported in a capital market in Indonesia, other than interest and dividends, in the case that the non-resident taxpayer is not acting as an agent or a nominee;
- (d) a company whose shares are listed in the stock exchange and are regularly traded;
- (e) a pension fund that is established under the laws of the Tax Treaty partner country and is a tax subject of the Tax Treaty partner country;
- (f) a bank; or
- (g) a company that satisfies the following conditions:
 - The establishment of the company in the Tax Treaty partner country or the arrangement of the transaction structure/scheme is not aimed solely at utilizing Tax Treaty benefits;
 - The company has its own management to conduct business and the management has independent discretion;
 - The company has employees;
 - The company engages in genuine business activities;

- The income derived from Indonesia is subject to tax in the country of the recipient; and
- The company does not use more than 50% of its total income (non-consolidated) to fulfill obligations to other parties in the form of interest, royalty, or other fees (excluding reasonable remuneration to employees or dividends distribution to shareholders).

When a company receives income for which the provision in the relevant Tax Treaty does not stipulate a beneficial owner requirement, the company will not be deemed to commit misuse of Tax Treaty provided that the establishment of the company or the arrangement of the transaction structure/scheme is not aimed solely at utilizing the Tax Treaty benefits.

Stamp Duty

Stamp duty is currently immaterial. According to Government Regulation No. 24 of 2000, a document that affects a sale of Indonesian Notes is subject to stamp duty. Currently, the nominal amount of the Indonesian stamp duty is Rp.6,000 for transactions having a value greater than Rp.1,000,000 and Rp.3,000 for transactions having a value up to a maximum of Rp.1,000,000. Generally, the stamp duty is due at the time the document is executed. Stamp duty is payable by the party that benefits from the executed document unless both parties state otherwise.

Other Indonesian Taxes

There are no Indonesian estate, inheritance, succession or gift taxes generally applicable to the acquisition, ownership or disposition of the Notes.

Certain U.S. Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE COMPANY IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes by a U.S. Holder (as defined below). This summary deals only with initial purchasers of the Notes that purchase the Notes at the issue price set forth on the front page of this Offering Circular and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, non-U.S. or other tax laws (including the alternative minimum tax or the net investment income tax). This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. Dollar).

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any state thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for U.S. federal income tax purposes should consult their tax advisors concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings of the Internal Revenue Service (the “IRS”) and court decisions, as well as on the income tax treaty between the United States and Indonesia (the “US-Indonesia Treaty”), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE US-INDONESIA TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

General. Interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such U.S. Holder’s method of accounting for U.S. federal income tax purposes. Interest paid by the Company on the Notes constitutes income from sources outside the United States for U.S. federal income tax purposes, as discussed below.

Effect of Indonesian Withholding Taxes. As discussed in “Taxation — Indonesian Taxation,” under current law payments of interest on the Notes to foreign investors, such as U.S. Holders, are subject to Indonesian withholding taxes. The Company may be liable for the payment of Additional Amounts to U.S. Holders (see “Description of the Notes — Additional Amounts”) so that U.S. Holders receive the same amounts they would have received had no Indonesian withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of Indonesian taxes withheld by the Company with respect to a Note, and any Additional Amounts paid in respect thereof, and as then having paid over the withheld taxes to the Indonesian taxing authorities. As a result of this rule, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Company with respect to the payment.

Subject to certain limitations, a U.S. Holder generally will be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Indonesian income taxes withheld by the Company. For purposes of the foreign tax credit limitation, foreign source income is classified in one of two “baskets”, and the credit for foreign taxes on income

in any basket is limited to U.S. federal income tax allocable to that income. Interest generally will constitute foreign source income in the “passive category income” basket or, in the case of certain U.S. Holders, foreign source income in the “general category income” basket. In certain circumstances a U.S. Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for Indonesian taxes imposed on a payment of interest if the U.S. Holder has not held the Notes for at least 16 days during the 31-day period beginning on the date that is 15 days before the date on which the right to receive the payment arises. Prospective purchasers should consult their tax advisors concerning the foreign tax credit implications of the payment of these Indonesian taxes.

Sale and Retirement of the Notes

A U.S. Holder generally will recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a Note generally will be its U.S. Dollar cost. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Gain or loss recognised by a U.S. Holder on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Therefore, a U.S. Holder may have insufficient foreign source income to utilise foreign tax credits attributable to any Indonesian withholding tax imposed on the sale or disposition unless it has other foreign source income in the appropriate basket. See “Taxation — Indonesian Taxation — Withholding Tax on Sale or Disposal of Notes.” Prospective purchasers should consult their tax advisors as to the foreign tax credit implications of the sale or retirement of Notes, and their ability to qualify for any benefits under the U.S.-Indonesia treaty.

Backup Withholding and Information Reporting

Payments of principal, and interest on, and the proceeds of sale or other disposition of Notes, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders are not subject to backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding deducted from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder’s U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Foreign Financial Asset Reporting

U.S. taxpayers that own certain foreign financial assets, including debt of foreign entities, with an aggregate value in excess of US\$50,000 at the end of the taxable year or US\$75,000 at any time during the taxable year (or, for certain individuals living outside the United States and married individuals filing joint returns, certain higher thresholds) may be required to file an information report with respect to such assets with their tax returns. The Notes are expected to constitute foreign financial assets subject to these requirements unless the Notes are held in an account at a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). U.S. Holders should consult their tax advisors regarding the application of the rules relating to foreign financial asset reporting.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the “Purchase Agreement”) among us and Australia and New Zealand Banking Group Limited, J.P. Morgan Securities Ltd., Standard Chartered Bank, PT Bahana Securities and PT Danareksa Sekuritas, as the initial purchasers (the “Initial Purchasers”), we have agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of the Notes set forth opposite its name below.

Initial Purchasers	Principal Amount of Notes
Australia and New Zealand Banking Group Limited	US\$441,000,000
J.P. Morgan Securities Ltd	US\$441,000,000
Standard Chartered Bank	US\$441,000,000
PT Bahana Securities	US\$13,500,000
PT Danareksa Sekuritas	US\$13,500,000
Total	US\$1,350,000,000

Subject to the terms and conditions set forth in the Purchase Agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the Purchase Agreement if any of these Notes are purchased. If an Initial Purchaser defaults, the Purchase Agreement provides that the purchase commitments of the non-defaulting Initial Purchasers may be increased or the Purchase Agreement may be terminated. The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The issue of the Notes may be cancelled by the Initial Purchasers in certain circumstances at any time up to the time when the proceeds of the issue have been received and the Notes issued. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. The Initial Purchasers may offer and sell the Notes in various jurisdictions through certain of their affiliates.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

The Initial Purchasers or their respective affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to Notes and/or other securities of the Company, its subsidiaries or associates at the same time as the offer and sale of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of Notes). The Initial Purchasers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

To the extent the Initial Purchasers intend to make any offers or sales of the Notes in the United States, or to nationals or residents of the United States, they will do so only through one or more registered broker-dealers in compliance with applicable securities laws and regulations, and the rules of the Financial Industry Regulatory Authority, as well as with applicable laws of the various states. PT Bahana Securities and PT Danareksa Sekuritas will not make any offers or sales of the Notes in the United States, or to nationals or residents of the United States.

Commissions and Discounts

The Initial Purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this Offering Circular. After the initial offering, the offering price or any other term of the offering may be changed.

Notes Are Not Being Registered

The Notes have not been registered under the Securities Act or any state securities laws. The Initial Purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The Initial Purchasers will not offer or sell the Notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales that occur outside of the United States within the meaning of Regulation S. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under “Transfer Restrictions.”

New Issue of Notes

The Notes are a new issue of securities with no established trading market. Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. We have been advised by the Initial Purchasers that they presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the Notes will be made to investors on or about the closing date specified on the cover page of this Offering Circular, which will be the fourth business day following the date of this Offering Circular (such settlement being referred to as “T+4”). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes prior to the delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially settle in T+4, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 40 days after the date of the Purchase Agreement, without first obtaining the prior written consent of the Joint Bookrunners and Joint Lead Managers, on behalf of the Initial Purchasers (which consent shall not be unreasonably withheld), directly or indirectly offer, sell, contract to sell or otherwise dispose of any debt securities (except for the Notes sold to the Initial Purchasers pursuant to the Purchase Agreement) or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition of any debt securities or securities exchangeable for or convertible into debt securities issued or guaranteed by the Company or any of its Subsidiaries and having a tenor of more than one year.

Short Positions and Stabilizing Transactions

In connection with this offering, J.P. Morgan Securities plc, as stabilizing manager, or any person acting for it, may purchase and sell Notes in the open market. These transactions may, to the extent permitted by law, include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale of a greater amount of Notes than the Initial Purchasers are required to purchase in this offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Notes while this offering is in progress. These activities, to the extent permitted by law, may stabilize, maintain or otherwise affect the market price of the Notes. These activities may be conducted in the over-the-counter market or otherwise. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time and must in any event be brought to an end after a limited time. These activities will be undertaken solely for the account of the stabilizing manager and not for and on behalf of the Issuer.

Other Relationships

Certain of the Initial Purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, certain commercial banking, investment banking and advisory and other banking services for us, and/or our affiliates for which they have received or will receive customary fees and expenses. The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Company.

Selling Restrictions

General

We and the Initial Purchasers have not taken any action, nor will we and the Initial Purchasers take any action, in any jurisdiction that would permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to us, the Notes in any jurisdiction where action for that purpose is required. Accordingly, an investor may not offer or sell, directly or indirectly, any Note and may not distribute or publish either this Offering Circular or any other offering material or advertisements in connection with the Notes, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See “Transfer Restrictions” for a description of other restrictions on the transfer of Notes. Accordingly, the Notes are being offered and sold only to qualified institutional buyers in accordance with Rule 144A and outside the United States in offshore transactions in accordance with Regulation S. Resales of the Notes are restricted as described under “Transfer Restrictions.”

Until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

As used herein, the term “United States” has the meaning given to it in Regulation S.

United Kingdom

Each Initial Purchaser has severally represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Company or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Hong Kong

Each Initial Purchaser has severally represented and agreed that (i) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"), by means of any document, any Notes other than (x) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (y) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made thereunder.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for the subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"), (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act, except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer;
- (iii) the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the Securities and Futures Act; or

- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005.

Indonesia

This offering does not constitute a public offering in Indonesia under Law Number 8 of 1995 regarding Capital Market. This Offering Circular may not be distributed in Indonesia and the Notes may not be offered or sold in Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesian residents in a manner which constitutes a public offering under the laws and regulations of Indonesia.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. Each Initial Purchaser has severally represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any of the Notes in Japan or to, or for the account or benefit of, any resident of Japan or to, or for the account or benefit of, any persons for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except (1) pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Law of Japan and (2) in compliance with the other relevant laws and regulations of Japan.

TRANSFER RESTRICTIONS

Because the following restrictions will apply to the Notes, investors should consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only:

- to “qualified institutional buyers” in compliance with Rule 144A, and
- outside the United States in offshore transactions, in reliance upon Regulation S under the Securities Act.

Rule 144A Notes

Each purchaser of the Notes within the United States pursuant to Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a qualified institutional buyer within the meaning of Rule 144A (a “QIB”), (b) acquiring such notes for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such notes has been advised, that the sale of such notes to it is being made in reliance on Rule 144A.
2. It understands that such notes have not been and will not be registered under the Securities Act and (a) may not be offered, sold, pledged or otherwise transferred except (i) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States; (b) the purchaser will, and each subsequent purchaser is required to, notify any subsequent purchaser of such notes from it of the resale restrictions referred to in (a) above; and (c) no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of the Notes.
3. If it is a person other than a person outside the United States, it agrees that if it should resell or otherwise transfer the Notes, it will do so only:
 - to the Company or any of our respective affiliates;
 - inside the United States to a qualified institutional buyer in compliance with Rule 144A;
 - outside the United States in compliance with Rules 903 or 904 under the Securities Act;
 - pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or
 - pursuant to an effective registration statement under the Securities Act.

4. It understands that such notes, unless otherwise agreed between the Company and the Trustee in accordance with applicable law, will bear a legend to the following effect:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF THESE NOTES FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.”

5. The Company, the Registrar, the Initial Purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and, if any such acknowledgments, representations or agreements deemed to have been made by virtue of its purchase of the Notes are no longer accurate, it agrees to promptly notify us. If it is acquiring any Notes for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.
6. It understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Notes. Before any interest in the Rule 144A Global Notes may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Notes, it will be required to provide the Registrar with a written certification (in the form provided in the Indentures) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of the Notes outside the United States pursuant to Regulation S, by accepting delivery of this Offering Circular and the Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time such Notes are purchased will be, the beneficial owner of such notes and (a) it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Company or a person acting on behalf of such an affiliate.

2. It understands that such Notes have not been and will not be registered under the Securities Act.
3. The Company, the Registrar, the Initial Purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and, if any such acknowledgments, representations or agreements deemed to have been made by virtue of its purchase of the Notes are no longer accurate, it agrees to promptly notify us.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Linklaters as to certain matters of U.S. law and by Hadiputranto, Hadinoto & Partners as to certain matters of Indonesian law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Shearman & Sterling as to certain matters of U.S. law and by Hiswara, Bunjamin & Tandjung as to certain matters of Indonesian law.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2011, 2012 and 2013, were audited by Purwantono, Suherman & Surja (a member firm of Ernst & Young Global Limited), independent public accountants, in accordance with auditing standards established by IICPA, as stated in their reports included elsewhere in this Offering Circular.

ENERGY INDUSTRY CONSULTANT

The information contained in the section “Description of the Indonesian Gas Industry” in this Offering Circular, including all statistics and data therein, was prepared by Wood Mackenzie, independent energy industry consultants and experts in the energy industry, in a report dated April 29, 2014. Wood Mackenzie has given and not withdrawn its written consent to the issue of the Offering Circular with the inclusion herein of their name and all references thereto and to the inclusion of the “Description of the Indonesian Gas Industry” section of this Offering Circular, in the form and context in which it appears, and to act in such capacity in relation thereto. The “Description of the Indonesian Gas Industry” section does not include all of the information that may be important for an investment decision.

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FINANCIAL ACCOUNTING STANDARDS AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Our consolidated financial statements included in this Offering Circular are prepared and presented in accordance with Indonesian Financial Accounting Standards (“IFAS”). Significant differences exist between IFAS and United States Generally Accepted Accounting Principles (“U.S. GAAP”), which might be material to the consolidated financial statements herein. The matters described below should not be expected to reveal all differences between IFAS and U.S. GAAP that are relevant to us.

Management has made no attempt to quantify the impact of those differences, nor has any attempt been made to identify all disclosure, presentation, or classification differences that would affect the manner in which transactions or events are presented in the consolidated financial statements. Had any such quantification or identification been undertaken by management, other potential significant accounting and disclosure differences may have come to its attention which are not summarized below. Accordingly, it should not be construed that the following summary of certain significant differences between IFAS and U.S. GAAP is complete.

Regulatory bodies that promulgate IFAS and U.S. GAAP have significant ongoing projects that could affect future comparisons such as this one. Further, no attempt has been made to identify future differences between IFAS and U.S. GAAP as a result of prescribed changes in accounting standards and regulations. Finally, no attempt has been made to identify all future differences between IFAS and U.S. GAAP that may affect the consolidated financial statements as a result of transactions or events that may occur in future.

Management believes that the application of U.S. GAAP to the consolidated financial statements could have a material and significant impact upon the consolidated financial statements reported under IFAS. In making an investment decision, investors must rely upon their own examination of us, terms of the offering, and the consolidated financial statements. Potential investors should consult their own professional advisors for an understanding of the differences between IFAS and U.S. GAAP, and how those differences might affect the consolidated financial statements included herein.

Consolidation and Equity-Method Investment

Under IFAS, when an entity owns, directly or indirectly through one or more subsidiaries, more than 50% of the voting rights of another entity, it should present consolidated financial statements. An entity that owns 50% or less of the voting rights of a company is required to prepare consolidated financial statements if it can prove that control exists. Control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than 50% of the voting rights of an entity. When an entity owns 50% or less of the voting rights of another entity, control exists when one of the following conditions is met: (i) having more than 50% of the voting rights by virtue of an agreement with other investors; (ii) having the right to govern the financial and operating policies of the entity under the articles of association or an agreement; (iii) having the ability to appoint or remove the majority of the members of management; and (iv) having the ability to control the majority of votes at meetings of management.

Under IFAS, a special-purpose entity (“SPE”) will be consolidated if the substance of the relationship between an entity and the SPE indicates that the SPE is controlled by that entity. Control may exist through the predetermination of the activities of the SPE or otherwise. The application of the control concept requires consideration of all relevant factors.

Under IFAS, generally the equity-method of accounting shall be used by investors (other than venture capital organizations, mutual funds, unit trusts, and similar entities) to account for their investments in associates in consolidated financial statements. Prior to the issuance of the Indonesian Statement of Financial Accounting Standards (“SFAS”) No. 4 (Revised 2009), “Consolidated and

Separate Financial Statements” (“SFAS No. 4(R)”), which applies to consolidated financial statements relating to periods beginning on or after January 1, 2011, presentation of separate consolidated financial statements (that is, those presented by a parent or investor) (parent-only financial statements) was not permitted. After the issuance of SFAS No. 4(R), if separate consolidated financial statements are presented by a parent or investor (parent-only financial statements), which shall be presented as supplementary information and presented as an appendix to the basic financial statements, subsidiaries and associates shall be accounted for either at cost or in accordance with SFAS No. 55 (Revised 2006), “Financial Instruments: Recognition and Measurement.” Further, uniform accounting policies between investors and investees are required.

Under U.S. GAAP, consolidation generally is required when one of the companies in a group directly or indirectly has a controlling financial interest in the other companies. The usual condition for controlling financial interest is ownership of a majority of the voting interest and, therefore, as a general rule, ownership by one entity, directly or indirectly, of over 50% of the outstanding voting shares of another entity is a condition pointing towards consolidation. Consolidation of majority-owned subsidiaries is required in the preparation of consolidated financial statements, unless control is likely to be temporary or if it does not rest with the majority owner.

Under U.S. GAAP, an entity is also to be considered for consolidation if the entity is a variable-interest entity (“VIE”). An entity shall consolidate a VIE if that entity has a variable interest that will absorb a majority of the VIE’s expected losses, receive a majority of the entity’s expected residual returns, or both. An entity shall consider the rights and obligations conveyed by its variable interests and the relationship of its variable interests with variable interests held by other parties to determine whether its variable interests will absorb a majority of the VIE’s expected losses, receive the majority of the VIE’s expected residual returns, or both. If one entity will absorb a majority of a VIE’s expected losses and another entity will receive a majority of that VIE’s expected residual returns, the entity absorbing a majority of the losses shall consolidate the VIE. The entity that consolidates a VIE is called the primary beneficiary of that VIE. A primary beneficiary of a VIE is an entity that has both of the following: (i) the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance, and (ii) the obligation to absorb losses of the VIE that could potentially be significant to the VIE, or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Under U.S. GAAP, entities are provided with the option to account for equity-method investments at their fair value or equity-method of accounting. Further, uniform accounting policies between investor and investee are not required.

Inventories

Under IFAS, inventories are measured at the lower of: (i) book value (cost less amortization) (for program material inventories), or (ii) cost (for inventories other than program material inventories), or their net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Under IFAS, the use of the LIFO method in determining the cost of inventory is not permitted.

Under IFAS, when the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed (the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realizable value.

Under U.S. GAAP, inventories are carried at the lower of cost or market value. Market value is defined as the current replacement cost (by purchase or by reproduction), provided that it meets both of the following conditions: (i) market value shall not exceed net realizable value, and (ii) market value shall not be less than net realizable value reduced by an allowance for an approximately normal profit margin.

Under U.S. GAAP, the use of the LIFO method in determining the cost of inventory is permitted.

Under U.S. GAAP, inventories that were previously written-down below cost cannot be reversed.

Land Rights

In Indonesia, except for ownership rights granted to individuals, the title to land rests with the Government under the Agrarian Law No. 5 of 1960. Land use is accomplished through land rights, whereby the holder of the rights enjoys the full use of the land for a stated period of time, subject to extensions. Under IFAS, a land right is not depreciated, unless management believes that it is highly unlikely that extensions of the land right will not be granted by the Government. The predominant practice is to capitalize (and not to amortize) the costs of acquired land rights. Management believes that extensions of land rights will be granted by the Government. Other expenses associated with the acquisition of Government permits to use land, including legal fees, area survey and re-measurement fees, notary fees, and taxes, are capitalized and amortized over the shorter period of the right to use the land or the economic life of the land.

Under U.S. GAAP, the costs and other expenses associated with the acquisition of land rights are capitalized and amortized over the period of the right to use the land.

Borrowing Costs

Under IFAS, eligible borrowing costs to be capitalized as part of qualifying assets include exchange rate differences from foreign currency borrowings. For borrowings associated with a specific qualifying asset, actual borrowing costs are capitalized and offset by investment income earned on those borrowings.

Under U.S. GAAP, eligible borrowing costs to be capitalized as part of qualifying assets do not include exchange rate differences. Interest earned on the investment of borrowed funds generally cannot offset interest costs incurred during the period. For borrowings associated with a specific qualifying asset, borrowing costs equal to the weighted-average accumulated expenditures times the borrowing rate are capitalized.

Revaluation of Fixed Assets

Under IFAS, fixed assets can be accounted for using either the cost model or the revaluation model. Under the revaluation model, fixed assets, the fair value of which can be reliably measured shall be recorded at a revalued amount, which is the fair value as of the date of the revaluation, less the accumulated depreciation and accumulated impairment losses subsequent to the revaluation date. If a fixed asset is revalued, then all fixed assets within the same category are also required to be revalued.

Under U.S. GAAP, revaluation of fixed assets is not permitted.

Impairment of Long-Lived Assets

Under IFAS, if indicators of impairment exist with respect to an asset, a determination should be made as to whether the asset's recoverable amount is less than its carrying amount. An asset's recoverable amount is the higher of net selling price or value in use. Net selling price is the amount obtained from the sale of an asset in an arm's length transaction, after deducting the related costs.

Value in use is the present value of estimated future cash flows expected to arise from the use of an asset and from its disposal at the end of its useful life. Where an asset's recoverable amount is less than its carrying amount, an impairment loss should be recognized in an amount equal to the excess of the carrying amount over its recoverable amount. Carrying values are increased for subsequent recoveries of fair value, provided that such increase does not exceed the original carrying value adjusted for depreciation.

Under U.S. GAAP, if indicators of impairment are present, a determination should be made as to whether the sum of the estimated undiscounted future cash flows attributable to the long-lived asset in question is less than its carrying amount. Where the sum of estimated undiscounted future cash flows is less than the asset's carrying amount, an impairment loss, equal to the excess of the carrying amount over its fair value, should be recognized. Reversal of impairment loss is not permitted.

Deferred Exploration and Development Costs

Under IFAS, exploration costs of a potentially significant area of interest that is associated with a mineral deposit and valid mining right and, where either: (i) exploration and development costs are expected to be recovered through exploitation or sale of proved reserves, or (ii) activities have not yet reached a stage permitting a reasonable assessment of the existence or lack of economically recoverable reserves, and active and significant exploration of the area of interest is continuing, are deferred and amortized upon commencement of commercial production using the units-of-production method or based on the estimated useful life of the mining area. These costs are expensed in the period during which the entity determines that no future value is expected from the area of interest.

Under U.S. GAAP, exploration costs are capitalized when it has been determined that mineral deposits can be economically developed, which requires the completion of a feasibility study. The time between initial acquisition and full evaluation of a property's potential is variable and is determined by several factors, including the location relative to existing infrastructure, the property's stage of development, geological controls, and prices of the related mineral. If mineral deposits are determined to be economically mineable, exploration and development costs are amortized when production begins using the units-of-production method based on proved and probable reserves.

Business Combinations

Under IFAS, non-controlling interest is measured either at fair value (including goodwill) or at its proportionate share of the fair value of the identifiable net assets (exclusive of goodwill) of the acquiree.

Under U.S. GAAP, non-controlling interest is measured at fair value, which includes the non-controlling interest's share of goodwill.

Employee Benefits other than Share-Based Payments

Under IFAS, the projected unit credit method is required in all cases for actuarial method used for defined benefit plans.

Under IFAS, in calculating the expected return on plan assets, the calculation is limited to the "net interest" on the net defined benefit liability/asset calculated using the benefit obligation's discount rate.

Under IFAS, the actuarial gains and losses in net income must be recognized immediately in other comprehensive income. Gains and losses are not subsequently recognized in net income.

Under IFAS, prior service costs from plan amendments are recognized immediately in net income for vested and unvested benefits.

Under IFAS, gains or losses from settlement are recognized when they occur. Change in the defined benefit obligation from a curtailment is recognized at the earlier of when it occurs or when related restructuring costs or termination benefits are recognized.

Under U.S. GAAP, different methods are required for actuarial method used for defined benefit plans, depending on the characteristics of the plan's benefit formula.

Under U.S. GAAP, in calculating the expected return on plan assets, the calculation is based on either the fair value of plan assets or a "calculated value" that smoothes the effect of short-term market fluctuations over five years.

Under U.S. GAAP, the actuarial gains and losses in net income may be recognized in net income as they occur or deferred through a corridor approach.

Under U.S. GAAP, prior service costs from plan amendments are initially deferred in other comprehensive income and subsequently recognized in net income over the average remaining service period of active employees or, when all or almost all participants are inactive, over the average remaining life expectancy of those participants.

Under U.S. GAAP, settlement gains or losses are recognized when the obligation is settled. Curtailment losses are recognized when the curtailment is probable of occurring, while curtailment gains are recognized when the curtailment occurs.

Income Taxes

Under IFAS, there is no specific accounting standard which prescribes the accounting for uncertainty in income taxes, such as the likelihood of amendments to taxation obligations. The general practice for amendments to taxation obligations is that they are recorded when an assessment is received from the tax authorities or, for assessment amounts appealed against by the entity when: (i) the result of the appeal is determined, unless if there is significant uncertainty as to the outcome of such appeal, in which event the impact of the amendment to taxation obligations based on an assessment is recognized at the time of making such appeal, or (ii) the positive outcome of the entity's appeal is adjudged to be significantly uncertain (based on knowledge of developments in similar cases involving matters appealed by the entity, which is based on rulings by the tax authorities), in which event the impact of the amendment of taxation obligations based on the assessment of the amounts appealed is recognized.

Under U.S. GAAP, an entity is required to recognize and measure its uncertain tax positions, which requires a two-step process, separating recognition from measurement. A benefit is recognized when it is "more likely than not" to be sustained based on the technical merits of the position. The amount of benefit to be recognized is based on the largest amount of tax benefit that is more than 50% likely of being realized upon ultimate settlement.

Revenue Recognition

Under IFAS, revenue from the sale of goods or services should be recognized when all the following conditions have been satisfied: (i) the seller has transferred to the buyer the significant risks and rewards of ownership of the goods or services, (ii) the seller retains neither continuing managerial involvement (to the degree usually associated with ownership) nor effective control over the goods or services sold, (iii) the amount of revenue can be measured reliably, (iv) it is probable that the economic benefits associated with the transaction will flow to the seller, and (v) the costs incurred or to be incurred with respect to the transaction can be measured reliably.

Under U.S. GAAP, revenue is generally measured by the exchange values of the assets (goods or services) or liabilities involved, and recognition involves consideration of two factors: (a) whether revenue has been realized or is realizable, and (b) whether revenue has been earned. Revenue

generally is realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement (i.e. a final understanding between the parties as to the specific nature and terms of the agreed-upon transaction) exists, (ii) delivery has occurred or services have been rendered, (iii) the seller's price to the buyer is fixed or determinable, and (iv) collectibility is reasonably assured.

GENERAL INFORMATION

Consents

We have obtained all necessary consents, approvals and authorizations in Indonesia in connection with the issue and performance of the Notes. Our issue of the Notes has been authorized by a resolution of the Board of Directors dated March 24, 2014.

Litigation

Save as disclosed in this Offering Circular, neither we nor any of our subsidiaries is involved in any litigation or arbitration proceedings which are material in the context of the Notes, nor are we aware that any such proceedings are pending or threatened.

No Material Adverse Change

There has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of ours since December 31, 2013 that is material in the context of the issue of the Notes.

Documents Available

For so long as any of the Notes are outstanding, copies of the Indenture may be inspected during normal business hours on any weekday (except public holidays) at the Specified Office of each Paying Agent.

For so long as any of the Notes are outstanding, copies of our audited financial statements for the last two financial years, if any, may be obtained during normal business hours on any weekday (except public holidays) at the Specified Office of each Paying Agent.

Clearing System and Settlement

The Notes have been accepted for clearance through the facilities of Euroclear, Clearstream and DTC. Certain trading information with respect to the Notes is set forth below:

	<u>CUSIP</u>	<u>ISIN</u>	<u>Common Code</u>
Rule 144A Notes	69367P AA 4	US69367PAA49	106812209
Regulation S Notes	Y7136Y AA 8	USY7136YAA83	106812195

Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear, Clearstream and DTC and only such Notes may trade on the SGX-ST.

Listing of the Notes

Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of our company, our subsidiaries, our associated companies or the Notes.

Ratings

The Notes are expected to be rated “Baa3” by Moody’s, “BB+” by Standard & Poor’s and “BBB-” by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

GLOSSARY OF TERMS

Bcf	Billion Cubic Feet
Bscf	Billion Standard Cubic Feet
Btu	British Thermal Unit, a standard unit of measurement for volume of natural gas, taking into account the energy value of the natural gas
BBtu	Billion British Thermal Units
BBtud	Billion British Thermal Units per day
cf	Cubic Feet Volume measurement. One Cubic Foot = 0.028 m ³
E-1	A European digital signal transmission measurement equal to 2.048 Mbps
Kboepd	Thousand Barrels of Oil Equivalent per day
linepacked gas	Gas retained in pipelines to maintain pressure
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas (a mixture of propane and butane)
Mbps	Megabits per second, a measurement of speed for digital signal transmission expressed in millions of bits per second
MMboe	Million Barrels of Oil Equivalent
MMBtu	Million British Thermal Unit
MMscf	Million Standard Cubic Feet. A standardized measurement of gas volume adjusted to a defined temperature and pressure to provide a standardized measurement, roughly equivalent to 1,000 MMBtu. Volumes of natural gas transported expressed in MMscfd in this Offering Circular do not take into account the temperature of the gas being transported, or therefore, the mixture of air to gas in such volume. This type of measurement is to be contrasted with calories which are a measure of the amount of gas transported that takes into account the temperature and therefore the density of the gas being transported
MMscfd	Million Standard Cubic Feet Per Day. We typically measures gas using standard cubic feet for gas received from natural gas suppliers (at the delivery point) for distribution purposes as well as in most cases for gas shipped via our transmission networks. For distribution customers, gas used is measured in cubic meters using a gas meter at the customer receiving point
Mscf	Thousand Standard Cubic Feet
Mtpa	million tonnes per annum

natural gas	Hydrocarbon gas
proved reserves	Represents those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and Government regulations
psi	Pounds per square inch, 14.5 psi = one bar
TBtu	Trillion British Thermal Units
Tcf	Trillion Cubic Feet
Tscf	Trillion Standard Cubic Feet
throughput	The volume of natural gas carried by a network in a particular period
tonnes	Metric tonnes, 1,000 kilograms
wellhead price	The price of natural gas from a gas field, before transportation costs

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PT Perusahaan Gas Negara (Persero) Tbk
dan entitas anaknya/*and its subsidiaries*

Laporan keuangan konsolidasian
tanggal 31 Desember 2013, 2012, dan 2011
dan untuk tahun yang berakhir pada tanggal-tanggal tersebut
beserta laporan auditor independen /
*Consolidated financial statements
as of December 31, 2013, 2012, and 2011,
and for the years then ended
with independent auditors' reports*

The original report included herein is in the Indonesian language.

Laporan Auditor Independen

Laporan No. RPC-5454/PSS/2014

**Pemegang Saham, Dewan Komisaris, dan Direksi
PT Perusahaan Gas Negara (Persero) Tbk**

Kami telah mengaudit laporan keuangan konsolidasian PT Perusahaan Gas Negara (Persero) Tbk ("Perusahaan") dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2013, serta laporan laba-rugi komprehensif, laporan perubahan ekuitas, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian tersebut 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 tersebut bebas dari kesalahan penyajian material.

Independent Auditors' Report

Report No. RPC-5454/PSS/2014

**The Shareholders, the Board of Commissioners, and
the Board of Directors
PT Perusahaan Gas Negara (Persero) Tbk**

We have audited the accompanying consolidated financial statements of PT Perusahaan Gas Negara (Persero) Tbk (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2013, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial
statements**

Management is responsible for the preparation and fair presentation of such 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.

Auditors' responsibility

Our responsibility is to express an opinion on such 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 such consolidated financial statements are free from material misstatement.

Laporan Auditor Independen (lanjutan)

Laporan No. RPC-5454/PSS/2014 (lanjutan)

Tanggung jawab auditor (lanjutan)

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, 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 entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Perusahaan Gas Negara (Persero) Tbk dan entitas anaknya tanggal 31 Desember 2013, serta kinerja keuangan dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Independent Auditors' Report (continued)

Report No. RPC-5454/PSS/2014 (continued)

Auditors' responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Perusahaan Gas Negara (Persero) Tbk and its subsidiaries as of December 31, 2013, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

The original report included herein is in the Indonesian language.

Laporan Auditor Independen (lanjutan)

Independent Auditors' Report (continued)

Laporan No. RPC-5454/PSS/2014 (lanjutan)

Report No. RPC-5454/PSS/2014 (continued)

Hal lain

Other matter

Laporan ini diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan rencana penawaran efek hutang Perusahaan di Bursa Efek Singapura, serta tidak ditujukan, dan tidak diperkenankan untuk digunakan, untuk tujuan lain.

This report has been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of the Company on Singapore Exchange, and is not intended to be, and should not be, used for any other purposes.

Purwantono, Suherman & Surja



Indrajuwana Komala Widjaja

Registrasi Akuntan Publik No. AP.0696/*Public Accountant Registration No. AP.0696*

16 April 2014/*April 16, 2014*

The original report included herein is in the Indonesian language.

Laporan Auditor Independen

Laporan No. RPC-5456/PSS/2014

**Pemegang Saham, Dewan Komisaris, dan Direksi
PT Perusahaan Gas Negara (Persero) Tbk**

Kami telah mengaudit laporan posisi keuangan konsolidasian PT Perusahaan Gas Negara (Persero) Tbk ("Perusahaan") dan Entitas Anak tanggal 31 Desember 2012 dan 2011, serta laporan laba rugi komprehensif, laporan perubahan ekuitas, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal-tanggal tersebut. Laporan keuangan adalah tanggung jawab manajemen Perusahaan. Tanggung jawab kami terletak pada pernyataan pendapat atas laporan keuangan berdasarkan audit kami. Kami tidak mengaudit laporan keuangan PT PGAS Telekomunikasi Nusantara, PT PGAS Solution, PT Gagas Energi Indonesia, dan PT Perusahaan Gas Negara LNG Indonesia (seluruhnya adalah entitas anak Perusahaan) tanggal 31 Desember 2012 dan untuk tahun yang berakhir pada tanggal tersebut, yang laporan keuangannya mencerminkan jumlah aset gabungan sekitar 2,3% dari jumlah aset konsolidasian tanggal 31 Desember 2012 dan pendapatan neto gabungan sekitar 1,8% dari pendapatan neto konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2012. Kami juga tidak mengaudit laporan keuangan PT Nusantara Regas, Entitas Asosiasi, di mana Perusahaan memiliki persentase kepemilikan sebesar 40% dengan nilai tercatat investasi sekitar 1,7% dari jumlah aset konsolidasian tanggal 31 Desember 2012 dan mengakui bagian laba dari entitas asosiasi sebesar US\$8.328.948 untuk tahun yang berakhir pada tanggal 31 Desember 2012. Laporan keuangan tersebut diaudit oleh auditor independen lain yang laporannya memberikan pendapat wajar tanpa pengecualian atas laporan keuangan tersebut, kecuali untuk PT Gagas Energi Indonesia, yang mencantumkan paragraf penjelasan mengenai penerapan secara prospektif dan retrospektif atas Pernyataan-Pernyataan Standar Akuntansi Keuangan tertentu yang telah direvisi efektif pada tanggal 1 Januari 2012. Laporan auditor independen lain tersebut telah diserahkan kepada kami, dan pendapat kami, sejauh yang berkaitan dengan jumlah-jumlah untuk Entitas Anak dan Entitas Asosiasi tersebut semata-mata hanya didasarkan atas laporan auditor independen lain tersebut.

Independent Auditors' Report

Report No. RPC-5456/PSS/2014

**The Shareholders, the Board of Commissioners, and
the Board of Directors
PT Perusahaan Gas Negara (Persero) Tbk**

We have audited the consolidated statements of financial position of PT Perusahaan Gas Negara (Persero) Tbk (the "Company") and Subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2012 and 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of PT PGAS Telekomunikasi Nusantara, PT PGAS Solution, PT Gagas Energi Indonesia, and PT Perusahaan Gas Negara LNG Indonesia (all of which are subsidiaries of the Company) as of December 31, 2012 and for the year then ended, which statements reflect combined total assets accounting for about 2.3% of the consolidated total assets as of December 31, 2012 and combined net revenue accounting for about 1.8% of the consolidated net revenues for the year ended December 31, 2012. We also did not audit the financial statements of PT Nusantara Regas, an associate, in which the Company has 40% ownership interest with the carrying amount of the investment constituting approximately 1.7% of the consolidated total assets as of December 31, 2012 and share in profit of the associate amounting to US\$8,328,948 for the year ended December 31, 2012. Those financial statements were audited by other independent auditors whose reports expressed unqualified opinions on those statements, except for PT Gagas Energi Indonesia, which included explanatory paragraphs regarding the prospective and retrospective adoption of certain revised Indonesian Statements of Financial Accounting Standards effective January 1, 2012. The reports of the other independent auditors have been furnished to us, and our opinion, insofar as it relates to the amounts included for those Subsidiaries and associate, is based solely on the reports of the other independent auditors.

Laporan Auditor Independen (lanjutan)

Independent Auditors' Report (continued)

Laporan No. RPC-5456/PSS/2014 (lanjutan)

Report No. RPC-5456/PSS/2014 (continued)

Kami melaksanakan audit berdasarkan standar auditing yang ditetapkan Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami merencanakan dan melaksanakan audit agar kami memperoleh keyakinan memadai bahwa laporan keuangan bebas dari salah saji material. Suatu audit meliputi pemeriksaan, atas dasar pengujian, bukti-bukti yang mendukung jumlah-jumlah dan pengungkapan dalam laporan keuangan. Audit juga meliputi penilaian atas prinsip akuntansi yang digunakan dan estimasi signifikan yang dibuat oleh manajemen, serta penilaian terhadap penyajian laporan keuangan secara keseluruhan. Kami yakin bahwa audit kami dan laporan auditor independen lain memberikan dasar memadai untuk menyatakan pendapat.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits and the reports of other independent auditors provide a reasonable basis for our opinion.

Menurut pendapat kami, berdasarkan audit kami dan laporan auditor independen lain tersebut, laporan keuangan konsolidasian yang kami sebut di atas menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Perusahaan Gas Negara (Persero) Tbk dan Entitas Anak pada tanggal 31 Desember 2012 dan 2011 dan hasil usaha serta arus kas untuk tahun yang berakhir pada tanggal-tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

In our opinion, based on our audits and the reports of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Perusahaan Gas Negara (Persero) Tbk and Subsidiaries as of December 31, 2012 and 2011 and the results of their operations and their cash flows for the years then ended, in conformity with Indonesian Financial Accounting Standards.

Laporan ini diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan rencana penawaran efek hutang Perusahaan di Bursa Efek Singapura, serta tidak ditujukan, dan tidak diperkenankan, untuk digunakan untuk tujuan lain.

This report has been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of the Company on Singapore Exchange, and is not intended to be, and should not be, used for any other purposes.

Purwanto, Suherman & Surja



Indrajuwana Komala Widjaja

Registrasi Akuntan Publik No. AP.0696/Public Accountant Registration No. AP.0696

16 April 2014/April 16, 2014

The accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures, and practices to audit such consolidated financial statements are those generally accepted and applied in Indonesia.

The original consolidated financial statements included herein are in the Indonesian language.

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAKNYA
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(Disajikan Dalam Dolar AS, Kecuali Dinyatakan Lain)**

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
AND ITS SUBSIDIARIES
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(Expressed in US Dollar, Unless Otherwise Stated)**

	Catatan/ Notes	2013	2012	2011	
ASET					ASSETS
ASET LANCAR					CURRENT ASSETS
Kas dan setara kas	2d,2e,2f,2u,3,4, 35,41,42,43	1.319.168.247	1.567.458.346	1.141.361.864	Cash and cash equivalents
Kas yang dibatasi penggunaannya	2d,2e,2f,2u,3,5, 21,37,41,42,43 2d,2f,2h,2u,3, 6,35,41,42,43	1.163.447	8.478.599	3.624.251	Restricted cash
Investasi jangka pendek	6,35,41,42,43	85.384.831	108.286.034	27.276.060	Short-term investments
Piutang usaha - setelah dikurangi cadangan kerugian penurunan nilai sebesar US\$12.162.454 pada tanggal 31 Desember 2013, US\$13.682.461 pada tanggal 31 Desember 2012 dan US\$12.379.728 pada tanggal 31 Desember 2011	2d,2f,2u,3,7, 28,35,41,42,43 2d,2u,3,8,10, 37,41,42,43	279.956.482	258.652.097	219.462.759	Trade receivables - net of allowance for impairment losses of US\$12,162,454 as of December 31, 2013, US\$13,682,461 as of December 31, 2012 and US\$12,379,728 as of December 31, 2011
Piutang lain-lain - neto	37,41,42,43	35.862.770	5.068.328	5.896.009	Other receivables - net
Persediaan - neto	2g,9	14.615.268	2.445.065	1.974.322	Inventories - net
Uang muka jatuh tempo dalam waktu satu tahun	2f,2u,8,10, 35,37,38,43,45	42.691.928	27.977.862	101.737.023	Current maturities of advances
Pajak dibayar di muka	2u,2v,22,43	-	-	156.482	Prepaid taxes
Beban dibayar di muka	11	1.684.875	5.451.706	5.267.466	Prepaid expenses
Total Aset Lancar		1.780.527.848	1.983.818.037	1.506.756.236	Total Current Assets
ASET TIDAK LANCAR					NON-CURRENT ASSETS
Uang muka - setelah dikurangi bagian jatuh tempo dalam waktu satu tahun	2f,2u,8,10, 35,37,43	84.887.358	110.922.142	81.075.539	Advances - net of current maturities
Piutang lain-lain jangka panjang	2d,12,41,42	40.265.562	-	-	Other long-term receivables
Aset pajak tangguhan - neto	2v,3,22 2f,2h,2l, 13,35,37	28.867.269	38.264.346	20.788.713	Deferred tax assets - net
Penyertaan saham	13,35,37	95.331.310	65.952.471	45.000.454	Investment in shares of stock
Aset tetap - setelah dikurangi akumulasi penyusutan sebesar US\$1.453.559.351 pada tanggal 31 Desember 2013, US\$1.285.416.180 pada tanggal 31 Desember 2012 dan US\$1.098.042.555 pada tanggal 31 Desember 2011	2i,2l,2o,2w,3, 14,27,28,37,45	1.837.231.368	1.693.706.757	1.733.489.755	Fixed assets - net of accumulated depreciation of US\$1,453,559,351 as of December 31, 2013, US\$1,285,416,180 as of December 31, 2012 and US\$1,098,042,555 as of December 31, 2011
Aset eksplorasi dan evaluasi	2j,2l,3,15,37	53.057	53.057	42.660	Exploration and evaluation assets
Properti minyak dan gas - setelah dikurangi akumulasi penyusutan, deplesi, amortisasi dan cadangan penurunan nilai sebesar US\$121.994.665	2k,3,15,37	432.617.966	-	-	Oil and gas properties - net of accumulated depreciation, depletion, amortization and allowance for impairment of US\$121,994,665
Estimasi tagihan pajak	2u,2v,3,22	33.557.745	10.342.095	9.802.057	Estimated claims for tax refund
Goodwill dan aset tak berwujud lainnya - neto	2c, 2l, 2m 3,16	25.710.029	2.887.788	1.229.796	Goodwill and other intangible assets - net
Lain-lain		4.125.483	2.215.626	1.991.795	Others
Total Aset Tidak Lancar		2.582.647.147	1.924.344.282	1.893.420.769	Total Non-Current Assets
TOTAL ASET		4.363.174.995	3.908.162.319	3.400.177.005	TOTAL ASSETS

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
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	Catatan/ Notes	2013	2012	2011	
LIABILITAS DAN EKUITAS					LIABILITIES AND EQUITY
LIABILITAS JANGKA PENDEK					CURRENT LIABILITIES
Pinjaman bank jangka pendek	2d,3,18,20,29 41,42	300.000.000	-	-	Short-term bank loans
Utang usaha	2d,2f,2u,3,17, 35,37,41,42,43	158.320.476	189.130.962	61.149.611	Trade payables
Liabilitas yang masih harus dibayar	2d,2r,2u,3,19	180.125.591	42.257.980	38.229.660	Accrued liabilities
Liabilitas imbalan kerja jangka pendek	20,21,41,42,43 2s,2u,33,43	35.622.036	37.302.957	34.038.617	Short-term employee's benefits liabilities
Utang lain-lain	2d,2u,3,14,19, 20,37,41,42,43	57.609.234	24.800.904	20.785.064	Other payables
Utang pajak	2v,2u,3,22 2d,2f,2n,2u, 3,20,21,35,	40.140.967	80.629.393	21.386.261	Taxes payables
Pinjaman jangka panjang jatuh tempo dalam waktu satu tahun	37,41,42,43	113.980.602	98.627.228	98.257.111	Current maturities of long-term loans
Total Liabilitas Jangka Pendek		885.798.906	472.749.424	273.846.324	Total Current Liabilities
LIABILITAS JANGKA PANJANG					NON-CURRENT LIABILITIES
Liabilitas pajak tangguhan - neto	2v,22	571.231	650.855	2.585.876	Deferred tax liability - net
Utang lain-lain	19,37,41,42 2d,2z,3, 31,41,42	13.994.894	-	-	Other payables
Utang derivatif	31,41,42	11.927.017	87.115.630	178.315.793	Derivative payable
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	2t,3,39	8.362.468	-	-	Asset abandonment and restoration obligations and other provisions
Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu satu tahun	2d,2f,2n,2u, 3,20,21,35,37, 38,41,42,43	611.976.149	840.006.527	993.976.073	Long-term loans - net of current maturities
Liabilitas jangka panjang imbalan kerja	2s,3,33	100.124.151	149.495.805	68.585.122	Long-term liabilities for employees' benefits
Pendapatan diterima di muka	37	3.193.656	3.352.100	3.510.548	Unearned income
Total Liabilitas Jangka Panjang		750.149.566	1.080.620.917	1.246.973.412	Total Non-Current Liabilities
TOTAL LIABILITAS		1.635.948.472	1.553.370.341	1.520.819.736	TOTAL LIABILITIES
EKUITAS					EQUITY
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk					Equity attributable to owners of the parent entity
Modal saham - nilai nominal US\$0,014 per saham					Share capital
Modal dasar - 70.000.000.000 saham yang terdiri dari 1 saham Seri A Dwiwarna dan 69.999.999.999 Saham seri B					Par value US\$0.014 per shares Authorized - 70,000,000,000 shares which consist of 1 Series A Dwiwarna share and 69,999,999,999 Series B share Issued and fully paid -
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	23	344.018.831	344.018.831	344.018.831	24,241,508,196 shares which consist of 1 Series A Dwiwarna share and 24,241,508,195 Series B shares
Modal saham diperoleh kembali	23	(251.054)	(251.054)	(251.054)	Treasury stock
Modal disetor lainnya	2p,22,23	157.254.312	157.254.312	157.254.312	Other paid-in capital
Saldo laba	24,36				Retained earnings
Dicadangkan		1.477.639.771	1.092.941.286	789.957.094	Appropriated
Tidak dicadangkan		618.975.279	649.327.501	439.246.778	Unappropriated
Komponen ekuitas lainnya	2u,6,33	(52.232.867)	(45.946.520)	1.804.930	Other components of equity
Total Ekuitas yang Dapat Diatribusikan Kepada Pemilik Entitas Induk		2.545.404.272	2.197.344.356	1.732.030.891	Total Equity Attributable to Owners of the Parent Entity
Kepentingan nonpengendali	2b,34	181.822.251	157.447.622	147.326.378	Non-controlling interests
TOTAL EKUITAS		2.727.226.523	2.354.791.978	1.879.357.269	TOTAL EQUITY
TOTAL LIABILITAS DAN EKUITAS		4.363.174.995	3.908.162.319	3.400.177.005	TOTAL LIABILITIES AND EQUITY

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

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**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
DAN ENTITAS ANAKNYA
LAPORAN LABA RUGI KOMPREHENSIF
KONSOLIDASIAN
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(Disajikan Dalam Dolar AS, Kecuali Dinyatakan Lain)**

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
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COMPREHENSIVE INCOME
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(Expressed in US Dollar, Unless Otherwise Stated)**

	Catatan/ Notes	2013	2012	2011	
PENDAPATAN NETO	2f,2q,2x, 25,35,44	3.001.516.630	2.580.234.140	2.230.397.076	NET REVENUES
BEBAN POKOK PENDAPATAN	2f,2q,2x, 26,35,37,44	(1.583.522.145)	(1.107.842.836)	(888.467.843)	COST OF REVENUES
LABA BRUTO		1.417.994.485	1.472.391.304	1.341.929.233	GROSS PROFIT
Beban distribusi dan Transmisi	2q,2x,14,27,33	(292.558.975)	(269.894.769)	(280.226.926)	Distribution and transmission expense
Beban umum dan administrasi	2q,2s,2x,7,8, 14,28,33,36	(216.617.353)	(204.389.934)	(178.257.491)	General and administrative expense
Pendapatan lain-lain	2q	27.023.658	21.415.500	20.878.662	Other income
Beban lain-lain	2q	(2.156.558)	(1.038.741)	(6.166.815)	Other expenses
LABA OPERASI		933.685.257	1.018.483.360	898.156.663	OPERATING PROFIT
Laba (rugi) kurs - neto	2u,32	83.899.214	49.757.553	(26.249.402)	Gain (loss) on foreign exchange - net
Laba (rugi) perubahan nilai wajar derivatif - neto	2z,31	70.178.350	65.101.054	(1.308.732)	Gain (loss) on change in fair value of derivative - net
Bagian laba (rugi) dari entitas asosiasi		32.272.194	8.718.596	(6.022.062)	Share in profit (loss) of the associates
Pendapatan keuangan	2q,4,5,30	26.910.239	27.824.136	35.107.116	Finance income
Beban keuangan	2q,2t,18,21,29	(21.863.585)	(21.576.672)	(27.709.566)	Finance cost
LABA SEBELUM MANFAAT (BEBAN) PAJAK		1.125.081.669	1.148.308.027	871.974.017	PROFIT BEFORE TAX BENEFIT (EXPENSE)
MANFAAT (BEBAN) PAJAK					TAX BENEFIT (EXPENSE)
Kini	2v,22	(226.642.556)	(238.367.358)	(177.981.985)	Current
Tangguhan	2v,19,22	(4.554.593)	5.315.581	7.908.487	Deferred
Beban Pajak - Neto		(231.197.149)	(233.051.777)	(170.073.498)	Tax Expense - Net
LABA TAHUN BERJALAN		893.884.520	915.256.250	701.900.519	PROFIT FOR THE YEAR
PENDAPATAN (KERUGIAN) KOMPREHENSIF LAIN					OTHER COMPREHENSIVE INCOME (LOSS)
Keuntungan (kerugian) aktuarial	2s,33	29.827.072	(8.734.002)	-	Actuarial gains (losses)
Aset keuangan tersedia untuk dijual	2d,2f,2h,6	(15.767.821)	7.794.787	1.119.417	Available-for-sale financial assets
Selisih kurs karena penjabaran laporan keuangan Entitas Anak, neto	2b	(14.010.436)	(1.724.744)	(562.756)	Difference in foreign currency translation of the financial statements of Subsidiaries, net
Sub-total		48.815	(2.663.959)	556.661	Sub-total
Pajak penghasilan terkait	2v,22	(5.717.966)	1.906.393	-	Income tax effect
PENDAPATAN (KERUGIAN) KOMPREHENSIF LAIN SETELAH PAJAK		(5.669.151)	(757.566)	556.661	OTHER COMPREHENSIVE INCOME (LOSS) AFTER TAX
TOTAL LABA KOMPREHENSIF TAHUN BERJALAN		888.215.369	914.498.684	702.457.180	TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

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**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
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**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
AND ITS SUBSIDIARIES
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	Catatan/ Notes	2013	2012	2011	
LABA TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:					PROFIT FOR THE YEAR ATTRIBUTABLE TO:
Pemilik entitas induk		860.533.234	890.885.456	680.804.733	Owners of the parent entity
Kepentingan nonpengendali	2b	33.351.286	24.370.794	21.095.786	Non-controlling interests
TOTAL		893.884.520	915.256.250	701.900.519	TOTAL
TOTAL LABA KOMPREHENSIF TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:					TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:
Pemilik entitas induk		854.246.887	889.696.452	681.357.195	Owners of the parent entity
Kepentingan nonpengendali	2b	33.968.482	24.802.232	21.099.985	Non-controlling interests
TOTAL		888.215.369	914.498.684	702.457.180	TOTAL
LABA TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK PER SAHAM, DASAR	2y,40	0,04	0,04	0,03	PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY PER SHARE, BASIC

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
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**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
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(Disajikan dalam dolar AS, kecuali dinyatakan lain)**

		Komponen Ekuitas Lainnya/Other Components of Equity														
		Saldo Laba/Retained Earnings	Modal Saham Lainnya/Other Paid In Capital	Modal Saham Dipelembah Kembali/ Treasury Stock	Keuntungan (Laba) Aktual/ Actual Gain (Losses)	Aset Keuangan yang Dihilangkan/ Available for-sale Financial Assets	Total Ekuitas/ Total Equity	Keuntungan Non-pengendali/ Non-controlling Interests	Total Ekuitas/ Total Equity	Keuntungan Non-pengendali/ Non-controlling Interests	Total Ekuitas/ Total Equity	Keuntungan Non-pengendali/ Non-controlling Interests				
	Saldo pada tanggal 31 Desember 2010	344.018.831	(251.054)	157.254.312	528.622.591	484.371.222	1.252.468	-	1.252.468	1.651.015.428	136.747.058	1.651.015.428	136.747.058	1.651.015.428	136.747.058	1.651.015.428
	Laba tahun berjalan	-	-	-	880.804.733	880.804.733	(566.955)	-	1.119.417	701.900.519	21.085.796	701.900.519	21.085.796	701.900.519	21.085.796	701.900.519
	Pendapatan komprehensif lain	-	-	-	-	-	-	-	-	556.861	4.199	556.861	4.199	556.861	4.199	556.861
	Total pendapatan komprehensif tahun berjalan 2011	-	-	-	880.804.733	880.804.733	(566.955)	-	1.119.417	1.258.222	21.089.985	1.258.222	21.089.985	1.258.222	21.089.985	1.258.222
24	Pembayaran dividen	-	-	-	(435.557.506)	(435.557.506)	-	-	-	(435.557.506)	-	(435.557.506)	-	(435.557.506)	-	(435.557.506)
24,36	Dana untuk program Kemitraan	-	-	-	(14.518.584)	(14.518.584)	-	-	-	(14.518.584)	-	(14,518.584)	-	(14,518.584)	-	(14,518.584)
24,36	Pencadangan saldo laba untuk pencapaian tujuan	-	-	-	(14.518.584)	(14.518.584)	-	-	-	(14,518.584)	-	(14,518.584)	-	(14,518.584)	-	(14,518.584)
24	Pembayaran dividen dari Entitas Anak	-	-	-	261.334.503	261.334.503	-	-	-	261,334.503	-	261,334.503	-	261,334.503	-	261,334.503
24	Pembayaran dividen dari Entitas Anak	-	-	-	-	-	-	-	-	(9.520.665)	-	(9.520.665)	-	(9.520.665)	-	(9.520.665)
	Saldo pada tanggal 31 Desember 2011	344.018.831	(251.054)	157.254.312	789.957.094	439.246.778	685.513	-	1.119.417	1.804.300	147.326.576	1.804.300	147.326.576	1.804.300	147.326.576	1.804.300
	Penyesuaian neto yang timbul dari penerapan Pernyataan Standar Akuntansi Keuangan ("PSAK") No. 24 (Revisi 2010), "Imbitan Kerja"	-	-	-	-	-	-	(46.562.446)	-	(46.562.446)	(635.488)	(46.562.446)	(635.488)	(46.562.446)	(635.488)	(46.562.446)
	Saldo pada tanggal 31 Desember 2011 setelah penyesuaian	344.018.831	(251.054)	157.254.312	789.957.094	439.246.778	685.513	(46.562.446)	1.119.417	(44.757.516)	146.690.890	(44.757.516)	146.690.890	(44,757.516)	146.690.890	(44,757.516)
	Laba tahun berjalan	-	-	-	880.885.456	880.885.456	(1.724.904)	-	7.794.787	915.256.250	24.370.794	915.256.250	24.370.794	915.256.250	24.370.794	915.256.250
	Pendapatan komprehensif lain	-	-	-	-	-	-	-	-	(757.586)	431.436	(757.586)	431.436	(757.586)	431.436	(757.586)
	Total pendapatan komprehensif tahun berjalan 2012	-	-	-	880.885.456	880.885.456	(1.724.904)	(7.258.887)	7.794.787	914.498.664	24.802.232	914.498.664	24.802.232	914.498.664	24.802.232	914.498.664
24	Pembayaran dividen	-	-	-	(352.205.589)	(352.205.589)	-	-	-	(352.205.589)	-	(352.205.589)	-	(352.205.589)	-	(352.205.589)
24,36	Dana untuk program Kemitraan	-	-	-	(12.807.476)	(12.807.476)	-	-	-	(12,807.476)	-	(12,807.476)	-	(12,807.476)	-	(12,807.476)
24,36	Pencadangan saldo laba untuk pencapaian tujuan	-	-	-	(12.807.476)	(12.807.476)	-	-	-	(12,807.476)	-	(12,807.476)	-	(12,807.476)	-	(12,807.476)
24	Pembayaran dividen dari Entitas Anak	-	-	-	302.984.192	302.984.192	-	-	-	302,984.192	-	302,984.192	-	302,984.192	-	302,984.192
24	Pembayaran dividen dari Entitas Anak	-	-	-	-	-	-	-	-	(14.045.500)	-	(14,045.500)	-	(14,045.500)	-	(14,045.500)
	Saldo pada tanggal 31 Desember 2012	344.018.831	(251.054)	157.254.312	1.092.941.286	649.327.901	(1.039.391)	(53.821.333)	8.914.204	(45.946.500)	157.447.622	(45.946.500)	157.447.622	(45,946.500)	157.447.622	(45,946.500)
	Laba tahun berjalan	-	-	-	880.533.234	880.533.234	(14.010.436)	-	15.767.821	893.884.520	33.351.286	893.884.520	33.351.286	893.884.520	33.351.286	893.884.520
	Pendapatan (kerugian) komprehensif lain	-	-	-	-	-	-	-	-	(6.689.151)	617.196	(6.689.151)	617.196	(6.689.151)	617.196	(6.689.151)
	Total pendapatan komprehensif tahun berjalan 2013	-	-	-	880.533.234	880.533.234	(14.010.436)	23.491.910	15.767.821	887.215.369	33.968.482	887.215.369	33.968.482	887.215.369	33.968.482	887.215.369
24	Pembayaran dividen	-	-	-	(506.186.571)	(506.186.571)	-	-	-	(506.186.571)	-	(506.186.571)	-	(506.186.571)	-	(506.186.571)
24	Pencadangan saldo laba untuk pencapaian tujuan	-	-	-	(384.698.465)	(384.698.465)	-	-	-	(384,698.465)	-	(384,698.465)	-	(384,698.465)	-	(384,698.465)
24	Pembayaran dividen dari Entitas Anak	-	-	-	-	-	-	-	-	(9.593.853)	-	(9.593.853)	-	(9.593.853)	-	(9.593.853)
	Saldo pada tanggal 31 Desember 2013	344.018.831	(251.054)	157.254.312	1.477.639.771	618.975.279	(15.049.827)	(30.329.423)	(6.653.617)	(52.232.867)	181.822.251	(52.232.867)	181.822.251	(52,232.867)	181.822.251	(52,232.867)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

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**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
AND ITS SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF
CASH FLOWS**
Years Ended December 31, 2013, 2012 and 2011
(Expressed in US Dollar, Unless Otherwise Stated)

	Catatan/ Notes	2013	2012	2011	
ARUS KAS DARI AKTIVITAS OPERASI					CASH FLOWS FROM OPERATING ACTIVITIES
Penerimaan dari pelanggan		2.954.338.709	2.585.937.818	2.221.685.309	Receipts from customers
Penerimaan dari penghasilan bunga		26.123.918	28.611.949	42.308.295	Receipts from interest income
Pembayaran kepada pemasok		(1.537.213.811)	(957.261.487)	(878.854.180)	Payments to suppliers
Pembayaran pajak penghasilan setelah dikurangi penerimaan dari tagihan pajak		(330.351.685)	(221.120.643)	(243.348.714)	Payments for income taxes net of receipts from claims for tax refund
Pembayaran untuk beban operasi dan aktivitas operasi lainnya		(211.762.229)	(187.800.150)	(112.832.296)	Payments for operating expenses and other operating activities
Pembayaran kepada karyawan		(54.659.968)	(59.785.653)	(59.538.369)	Payments to employees
Pembayaran bunga		(17.599.905)	(22.163.413)	(22.148.569)	Payments for interest
Kas neto yang diperoleh dari aktivitas operasi		828.875.029	1.166.418.421	947.271.476	Net cash provided by operating activities
ARUS KAS DARI AKTIVITAS INVESTASI					CASH FLOWS FROM INVESTING ACTIVITIES
Pengurangan (penambahan) kas yang dibatasi penggunaannya		7.315.152	(4.933.727)	(2.917.061)	Deductions (additions) from restricted cash
Penambahan (pengurangan) investasi jangka pendek	6	4.182.001	(73.826.325)	(5.993.750)	Additions (deductions) to short-term investments
Penerimaan dividen dari Entitas Asosiasi	13	2.498.684	-	-	Dividends received from Associate
Akuisisi Entitas Anak tidak langsung, setelah dikurangi kas yang diperoleh	16	(259.851.818)	-	-	Acquisition of indirect Subsidiary, net of cash acquired
Penambahan aset tetap		(206.784.857)	(159.296.204)	(78.188.818)	Additions to fixed assets
Penambahan aset minyak dan gas		(110.553.335)	-	-	Additions to oil and gas assets
Penambahan kerjasama operasi minyak dan gas bumi atau kontrak jasa/ perjanjian partisipasi		(103.344.086)	-	-	The additional of interest in oil and gas operation or service contract/ participation sharing agreement
Penambahan penyertaan saham		-	(12.228.398)	(24.202.420)	Increase in investment in shares of stock
Penambahan biaya ditangguhkan		-	(8.924)	(925)	Increase in deferred charges
Kas neto yang digunakan untuk aktivitas investasi		(666.538.259)	(250.293.578)	(111.302.974)	Net cash used in investing activities
ARUS KAS DARI AKTIVITAS PENDANAAN					CASH FLOWS FROM FINANCING ACTIVITIES
Penerimaan pinjaman bank jangka pendek	18	300.000.000	-	-	Receipts from short-term bank loans borrowings
Penerimaan atas penyertaan saham oleh kepentingan nonpengendali Entitas Anak		5.172	4.715	-	Receipts from the issuance of shares to non-controlling interest of the Subsidiary
Pembayaran dividen	24	(510.620.916)	(327.730.116)	(450.058.318)	Payments of dividends
Pembayaran pinjaman		(115.059.958)	(81.338.968)	(416.512.113)	Payments of loans
Pembayaran atas derivatif		(5.010.263)	(26.099.109)	(2.257.653)	Payments of derivative
Pembayaran untuk program kemitraan dan bina lingkungan		-	(25.096.388)	(29.172.934)	Payments for partnership and community development program
Hasil pinjaman utang		-	-	220.866	Proceeds from loan borrowings
Kas neto yang digunakan untuk aktivitas pendanaan		(330.685.965)	(460.259.866)	(897.780.152)	Net cash used in financing activities
Pengaruh perubahan kurs neto dari kas dan setara kas		(79.940.904)	(29.768.495)	(27.567.749)	Net effects of foreign exchange differences on cash and cash equivalents
KENAIKAN (PENURUNAN) NETO KAS DAN SETARA KAS		(248.290.099)	426.096.482	(89.379.399)	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS AWAL TAHUN		1.567.458.346	1.141.361.864	1.230.741.263	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR
KAS DAN SETARA KAS AKHIR TAHUN	2e,4	1.319.168.247	1.567.458.346	1.141.361.864	CASH AND CASH EQUIVALENTS AT END OF YEAR

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

**PT PERUSAHAAN GAS NEGARA (PERSERO) TBK
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STATEMENTS
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1. UMUM

a. Pendirian Perusahaan

PT Perusahaan Gas Negara (Persero) Tbk ("Perusahaan") pada awalnya bernama Firma L. J. N. Eindhoven & Co. Gravenhage yang didirikan pada tahun 1859. Kemudian, pada tahun 1950, pada saat diambil alih oleh Pemerintah Belanda, Perusahaan diberi nama NV. Netherland Indische Gaz Maatschapij (NV. NIGM). 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 ditetapkan 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.

Anggaran Dasar Perusahaan telah mengalami beberapa kali perubahan, yang terakhir dengan Akta Notaris No. 57 dari Notaris Fathiah Helmi S.H., tanggal 17 April 2013, yang mengatur, antara lain, perubahan susunan Dewan Komisaris dan Direksi. Perubahan ini telah dilaporkan dan diterima oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Penerimaan No. AHU-AH.01.10-20152 tanggal 24 Mei 2013.

1. GENERAL

a. The Company's Establishment

PT Perusahaan Gas Negara (Persero) Tbk (the "Company") originally named Firma L. J. N. Eindhoven & Co. Gravenhage, was established in 1859. Subsequently, the entity was named NV. Netherland Indische Gaz Maatschapij (NV. NIGM), when the Dutch Government took control in 1950. In 1958, when the Government of the Republic of Indonesia took over the entity, the Company's name was changed to Badan Pengambil Alih Perusahaan-Perusahaan Listrik dan Gas (BP3LG) and then later became BPU-PLN in 1961. On May 13, 1965, based on Government Regulation No. 19/1965, the entity was declared 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 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 the 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 Company's Articles of Association have been amended several times, most recently by Notarial Deed No. 57 of Notary Fathiah Helmi, S.H., dated April 17, 2013, concerning, among others, the change in the composition of the Boards of Commissioners and Directors 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 Acknowledgment Letter No. AHU-AH.01.10-20152 dated May 24, 2013.

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1. UMUM (lanjutan)

a. Pendirian Perusahaan (lanjutan)

Sesuai dengan Pasal 3 Anggaran Dasar Perusahaan dan Peraturan Pemerintah No. 37 tahun 1994, Perusahaan bertujuan untuk melaksanakan dan menunjang kebijaksanaan dan program Pemerintah di bidang ekonomi dan pembangunan nasional, khususnya di bidang pengembangan pemanfaatan gas bumi untuk kepentingan umum serta penyediaan gas dalam jumlah dan mutu yang memadai untuk melayani kebutuhan masyarakat.

Untuk mencapai tujuan tersebut, Perusahaan dapat melaksanakan 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; atau usaha lain yang menunjang usaha di atas sesuai dengan peraturan perundang-undangan yang berlaku. 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 empat *Strategic Business Unit* (SBU), terbagi dalam:

1. SBU Distribusi Wilayah 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. SBU Distribusi Wilayah II, mencakup Wilayah Jawa Bagian Timur, yang terdiri dari Penjualan dan Layanan Area Surabaya, Sidoarjo-Mojokerto dan Pasuruan-Probolinggo.
3. SBU Distribusi Wilayah III, mencakup Wilayah Sumatera Utara dan Kepulauan Riau, yang terdiri dari Penjualan dan Layanan Area Medan, Batam dan Pekanbaru.

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 purpose 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.

To achieve these objectives, the Company is to carry out 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; or other businesses which support the foregoing activities in accordance with prevailing laws and regulations. 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 its responsive sales target, the Company has divided its business areas into four *Strategic Business Units* (SBU), as follows:

1. SBU 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. SBU Distribution II, covers Eastern Java Region, which consists of Sales and Service Area Surabaya, Sidoarjo-Mojokerto and Pasuruan-Probolinggo.
3. SBU Distribution III, covers North Sumatera Region and the Riau Islands, which consists of Sales and Service Area Medan, Batam and Pekanbaru.

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1. UMUM (lanjutan)

a. Pendirian Perusahaan (lanjutan)

4. SBU Transmisi Sumatera - Jawa, dibentuk berdasarkan Surat Keputusan Direksi No. 024200.K/12/UT/2006 pada tanggal 18 Oktober 2006 sebagai unit bisnis operasi transmisi gas bumi Perusahaan yang berkedudukan di Jakarta serta meliputi wilayah Sumatera - Jawa.

Perusahaan melakukan pembangunan jaringan pipa transmisi gas Sumatera Selatan - Jawa Barat I dan II dengan kapasitas yang diharapkan pada saat proyek beroperasi secara penuh masing-masing sebesar 460 mmscf dan 520 mmscf (tidak diaudit) (Catatan 14).

Perusahaan dimiliki oleh Pemerintah Republik Indonesia selaku pemegang saham mayoritas.

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.

1. GENERAL (continued)

a. The Company's Establishment (continued)

4. SBU Sumatera - Java Transmission, established based on Decision Letter of Director No. 024200.K/12/UT/2006 dated October 18, 2006, as a Company's business unit for operation of natural gas transmission domiciled in Jakarta and covers Sumatera - Java region.

The Company commenced the construction of South Sumatera - West Java gas transmission pipeline I and II with maximum expected operating capacity of 460 mmscf and 520 mmscf (unaudited), respectively (Note 14).

The Company is majority owned by the Government of the 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 Exchange 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.

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1. UMUM (lanjutan)

b. Penawaran Umum Efek Perusahaan (lanjutan)

Berdasarkan Risalah Rapat Umum Pemegang Saham Luar Biasa yang diadakan pada tanggal 22 Desember 2008 dan diaktakan oleh Notaris Fathiah Helmi, S.H., dengan Akta No. 29, pemegang saham menyetujui untuk dilakukannya pembelian kembali saham Perusahaan (*buy back shares*) dengan alokasi dana untuk *buy back* maksimal sebesar Rp450.000.000.000 yang diambil dari cadangan lain Perusahaan.

Pada tanggal 24 Oktober 2008, Perusahaan melakukan pembelian kembali atas saham yang telah beredar sebesar 1.850.000 lembar saham dengan harga pembelian senilai Rp1.350 per saham dengan nilai sebesar Rp2.501.246.250 termasuk biaya transaksi.

Pada tanggal 31 Desember 2008, Perusahaan menyajikan nilai saham yang diperoleh kembali sebesar Rp2.501.246.250 pada akun "Modal Saham Diperoleh Kembali" sebagai bagian dari ekuitas pada laporan posisi keuangan konsolidasian.

c. Penyelesaian Laporan Keuangan Konsolidasian

Laporan keuangan konsolidasian ini telah diselesaikan dan disetujui untuk diterbitkan oleh Direksi Perusahaan pada tanggal 16 April 2014.

d. Entitas Anak dan Entitas Asosiasi

Pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011, persentase kepemilikan Perusahaan, baik secara langsung maupun tidak langsung dan total aset Entitas Anak adalah sebagai berikut:

Entitas Anak, Kegiatan Usaha, Kedudukan, dan Tanggal Pendirian/ Subsidiaries, Business Activities, Domiciles and Date of Establishment	Tahun Usaha Komersial Dimulai/ Year of Commercial Operations Started	Persentase Kepemilikan/ Percentage of Ownership			Total Aset dalam Juta Dolar AS (Sebelum Eliminasi)/ Total Assets in Millions US Dollar (Before Elimination)		
		2013	2012	2011	2013	2012	2011
<i>Dimiliki langsung oleh Perusahaan/ Held directly by the Company</i>							
PT Transportasi Gas Indonesia (Transgasindo) Transmisi gas/Gas transmission Indonesia, 1 Februari 2002/February 1, 2002	2002	59,87%	59,87%	59,87%	540	555	616
PGN Euro Finance 2003 Limited (PGNEF) Bidang keuangan/Financing company Mauritius, 24 Juli 2003/July 24, 2003	2003 ²¹	100,00%	100,00%	100,00%	-	-	-

1. GENERAL (continued)

b. The Company's Public Offering (continued)

Based on the Minutes of the Extraordinary General Shareholders' Meeting held on December 22, 2008 which were notarized by Fathiah Helmi, S.H., with Notarial Deed No. 29, the shareholders approved the Company's buy-back shares with maximum fund allocated amounting to Rp450,000,000,000, which was taken from other reserve of the Company's funds.

On October 24, 2008, the Company repurchased the issued shares amounting to 1,850,000 shares with purchase price Rp1,350 per share with total amount of Rp2,501,246,250 inclusive of transaction cost.

On December 31, 2008, the Company presented the buy-back shares amounting to Rp2,501,246,250 as "Treasury Stock" account as part of equity in the consolidated statements of financial position.

c. Completion of the Consolidated Financial Statements

The accompanying consolidated financial statements were completed and authorized for issue by the Company's Directors on April 16, 2014.

d. Subsidiaries and Associates

As of December 31, 2013, 2012 and 2011, the percentage of ownership of the Company, either directly or indirectly and total assets of the Subsidiaries are as follows:

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1. UMUM (lanjutan)

**d. Entitas Anak dan Entitas Asosiasi
(lanjutan)**

Entitas Anak, Kegiatan Usaha, Kedudukan, dan Tanggal Pendirian/ Subsidiaries, Business Activities, Domiciles and Date of Establishment	Tahun Usaha Komersial Dimulai/ Year of Commercial Operations Started	Persentase Kepemilikan/ Percentage of Ownership			Total Aset dalam Juta Dolar AS (Sebelum Eliminasi)/ Total Assets in Millions US Dollar (Before Elimination)		
		2013	2012	2011	2013	2012	2011
<u>Dimiliki langsung oleh Perusahaan (lanjutan)/ Held directly by the Company (continued)</u>							
PT PGAS Telekomunikasi Nusantara (PGASKOM) Jasa telekomunikasi/Telecommunication services Indonesia, 10 Januari 2007/January 10, 2007	2009	99,93%	99,93%	99,93%	17	16	11
PT PGAS Solution (PGASSOL) Konstruksi/Construction Indonesia, 6 Agustus 2009/August 6, 2009	2010	99,91%	99,91%	99,91%	29	13	5
PT Saka Energi Indonesia (SEI) Eksplorasi minyak dan gas bumi/ Exploration of oil and gas Indonesia, 27 Juni 2011/June 27, 2011	2013	100,00%	100,00%	100,00%	527	4	4
PT Gagas Energi Indonesia (GEI) Pengolahan minyak dan gas bumi/ Processing of oil and gas Indonesia, 27 Juni 2011/June 27, 2011	2012	100,00%	100,00%	100,00%	43	27	4
PT PGN LNG Indonesia (PLI) Pengolahan minyak dan gas bumi/ Processing of oil and gas Indonesia, 26 Juni 2012/June 26, 2012	- ¹⁾	100,00%	100,00%	100,00%	30	39	-
Total/Total					1.186	654	640

Dimiliki oleh PT Saka Energi Indonesia (SEI)/
Held through PT Saka Energi Indonesia (SEI)

PT Saka Lematang (SL) Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 24 September 2012/September 24, 2012	- ¹⁾	100,00%	100,00%	-	- ⁴⁾	-	-
PT Saka Ketapang Perdana (SKP) Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 17 Oktoberber 2012/October 17, 2012	- ¹⁾	100,00%	100,00%	-	102	-	-
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	- ¹⁾	100,00%	-	-	102	-	-
Saka Indonesia Pangkah B.V. (SIP) ³⁾ Eksplorasi dan produksi minyak dan gas/ Exploration and production of oil and gas Belanda/Netherlands, 3 Agustus 2007/August 3, 2007	2007	100,00%	-	-	270	-	-

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1. UMUM (lanjutan)

**d. Entitas Anak dan Entitas Asosiasi
(lanjutan)**

Entitas Anak, Kegiatan Usaha, Kedudukan, dan Tanggal Pendirian/ Subsidiaries, Business Activities, Domiciles and Date of Establishment	Tahun Usaha Komersial Dimulai/ Year of Commercial Operations Started	Persentase Kepemilikan/ Percentage of Ownership			Total Aset dalam Juta Dolar AS (Sebelum Eliminasi)/ Total Assets in Millions US Dollar (Before Elimination)		
		2013	2012	2011	2013	2012	2011
<u>Dimiliki oleh PT Saka Energi Indonesia (SEI) (lanjutan)/ Held through PT Saka Energi Indonesia (SEI) (continued)</u>							
PT Saka Indonesia Sesulu (SIS) Eksplorasi minyak dan gas/ Exploration of oil and gas Indonesia, 7 Maret 2013/March 7, 2013	- ¹	100,00%	-	-	-	-	-
Total/Total					474	-	-
<u>Dimiliki oleh PT PGAS Telekomunikasi Nusantara (PGASKOM)/ Held through PT PGAS Telekomunikasi Nusantara (PGASKOM)</u>							
PGAS Telecommunications International Pte. Ltd. (PTI) Jasa Telekomunikasi/ Telecommunications services Singapura/Singapore, 24 November 2009/November 24, 2009	2010	100,00%	100,00%	-	5	3	-
PT Telemedia Dinamika Sarana (TDS) Jasa Telekomunikasi/ Telecommunications services Indonesia, 26 Juni 2012/June 26, 2012	2013	90,00%	-	-	- ⁴	-	-
Total/Total					5	3	-

1) Belum beroperasi komersial/Not yet started commercial operation

2) Dalam proses likuidasi/In the liquidation process

3) Dahulu Kutpec Indonesia (Pangkah) B.V./Formerly Kutpec Indonesia (Pangkah) B.V.

4) Nilai aset di bawah 1 juta US Dollar/The amount of assets is below one million US Dollar

Kelompok usaha mempunyai kerjasama operasi minyak dan gas atau kontrak jasa/perjanjian partisipasi dan pembagian ekonomi pada tanggal-tanggal 31 Desember 2013 dan 2012 sebagai berikut:

The Group has interests in the following oil and gas joint venture operations or Service Contracts/Participation and Economic Sharing Agreements as of December 31, 2013 and 2012:

Kerjasama Operasi/ Joint Ventures	Negara/ Country	Hak kepemilikan (%) / Interest (%)	
		2013	2012
Blok Bangkanai	Indonesia	30%	-
Blok Ujung Pangkah	Indonesia	25%	-
Blok Ketapang	Indonesia	20%	20%
Blok Lematang-Petar ¹⁾	Indonesia	5%	5%

1) Dalam proses pelepasan/In the process of disposal

Kombinasi Bisnis

Pada tanggal 28 Juni 2013, PT PGAS Telekomunikasi Nusantara (PGASKOM) telah melakukan akuisisi atas 90% saham pada PT Telemedia Dinamika Sarana (TDS) dari pemilik saham sebelumnya dengan imbalan pembelian yang dialihkan dengan total sebesar Rp675.000.000. Atas transaksi ini, PGASKOM mengakui goodwill sebesar US\$55.378.

Business Combination

On June 28, 2013, PT PGAS Telekomunikasi Nusantara (PGASKOM) acquired 90% equity interests in PT Telemedia Dinamika Sarana (TDS) from the previous owners with purchase consideration transferred of Rp675,000,000. Under this transaction, PGASKOM recognized a goodwill amounting to US\$55,378.

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1. UMUM (lanjutan)

**d. Entitas Anak dan Entitas Asosiasi
(lanjutan)**

Pada tanggal 26 Juni 2013, PT Saka Energi Indonesia telah melakukan akuisisi atas 100% kepemilikan saham pada Kufpec Indonesia (Pangkah) B.V. (KIP) dari pemilik saham lama, yaitu Kuwait Foreign Petroleum Exploration Company K.S.C. (Closed), dengan imbalan pembelian yang dialihkan sebesar US\$259.851.818 (Catatan 16).

Pada tanggal 17 Juli 2013, KIP telah berganti nama menjadi Saka Indonesia Pangkah B.V. (SIP).

Lihat Catatan 16 untuk pengungkapan akuntansi Kombinasi Bisnis dari transaksi tersebut.

Informasi mengenai Entitas Asosiasi yang dimiliki oleh Kelompok Usaha pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 adalah sebagai berikut:

Entitas Asosiasi/ Associates	Kedudukan dan Tahun Usaha Komersial Dimulai/ Domicile and Year of Commercial Operations Started	Kegiatan Usaha/ Business Activities	Persentase Kepemilikan/ Percentage of Ownership		
			2013	2012	2011
PT Nusantara Regas ("PT Regas")	Jakarta, 2012	Pengelolaan dan pengembangan fasilitas FSRT termasuk pembelian LNG dan pemasaran atas hasil pengelolaan fasilitas FSRT/ <i>The management and development of FSRT facilities including purchase of LNG and marketing of products arising from the operations of FSRT facilities</i>	40,00%	40,00%	40,00%
PT Gas Energi Jambi	Jambi, 2005	Transportasi dan distribusi gas bumi/ <i>Transportation and distribution of natural gas</i>	40,00%	40,00%	40,00%

e. Dewan Komisaris, Direksi dan Karyawan

Berdasarkan Rapat Umum Pemegang Saham Tahunan yang dilaksanakan pada tanggal 17 April 2013, para pemegang saham menyetujui susunan Dewan Komisaris dan Direksi Perusahaan pada tanggal 31 Desember 2013 sebagai berikut:

Dewan Komisaris
Komisaris Utama
Komisaris
Komisaris
Komisaris
Komisaris Independen
Komisaris Independen

Bayu Krisnamurthi
M. Zamkhani
Firmanzah
Kiagus Ahmad Badaruddin
Widya Purnama
Pudja Sunasa

Board of Commissioners
Chairman of the Board of Commissioners
Commissioner
Commissioner
Commissioner
Independent Commissioner
Independent Commissioner

1. GENERAL (continued)

d. Subsidiaries and Associates (continued)

On June 26, 2013, PT Saka Energi Indonesia acquired 100% equity interests in Kufpec Indonesia (Pangkah) B.V. (KIP) from the previous owner Kuwait Foreign Petroleum Exploration Company K.S.C. (Closed), with purchase consideration transferred of US\$259,851,818 (Note 16).

On July 17, 2013, KIP has been changed of name to Saka Indonesia Pangkah B.V. (SIP).

See Note 16 for disclosures of the Business Combination accounting of the above transactions.

Information about Associates owned by the Group as of December 31, 2013, 2012 and 2011 are as follows:

e. Boards of Commissioners, Directors and Employees

Based on the Annual General Meeting of Shareholders on April 17, 2013, the shareholders approved the members of the Company's Boards of Commissioners and Directors as of December 31, 2013:

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1. UMUM (lanjutan)

e. Dewan Komisaris, Direksi dan Karyawan (lanjutan)

Dewan Direksi	
Direktur Utama	Hendi Prio Santoso
Direktur Keuangan	M. Riza Pahlevi Tabrani
Direktur Pengusahaan	Jobi Triananda Hasjim
Direktur Teknologi dan Pengembangan	Djoko Saputro
Direktur Perencanaan Investasi dan Manajemen Risiko	Muhammad Wahid Sutopo
Direktur Sumber Daya Manusia dan Umum	Hendi Kushnadi

Berdasarkan Rapat Umum Pemegang Saham Tahunan yang dilaksanakan pada tanggal 22 Mei 2012, para pemegang saham menyetujui susunan Dewan Komisaris dan Direksi Perusahaan pada tanggal 31 Desember 2012 sebagai berikut:

Dewan Komisaris	
Komisaris Utama	Bayu Krisnamurthi
Komisaris	M. Zamkhani
Komisaris	Bambang Dwijanto
Komisaris	Kiagus Ahmad Badaruddin
Komisaris Independen	Widya Purnama
Komisaris Independen	Pudja Sunasa

Dewan Direksi	
Direktur Utama	Hendi Prio Santoso
Direktur Keuangan	M. Riza Pahlevi Tabrani
Direktur Pengusahaan	Jobi Triananda Hasjim
Direktur Teknologi dan Pengembangan	Djoko Saputro
Direktur Perencanaan Investasi dan Manajemen Risiko	Muhammad Wahid Sutopo
Direktur Sumber Daya Manusia dan Umum	Hendi Kushnadi

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa (RUPSLB) yang dilaksanakan pada tanggal 6 April 2011, para pemegang saham menyetujui susunan Dewan Komisaris dan Direksi Perusahaan pada tanggal 31 Desember 2011 sebagai berikut:

Dewan Komisaris	
Komisaris Utama merangkap Komisaris Independen	Tengku Nathan Machmud
Komisaris	Pudja Sunasa
Komisaris	Megananda Daryono
Komisaris	Kiagus Ahmad Badaruddin
Komisaris Independen	Widya Purnama

Dewan Direksi	
Direktur Utama	Hendi Prio Santoso
Direktur Keuangan	M. Riza Pahlevi Tabrani
Direktur Pengusahaan	Michael Baskoro Palwo Nugroho *)
Direktur Teknologi dan Pengembangan	Jobi Triananda Hasjim
Direktur Perencanaan Investasi dan Manajemen Risiko	Muhammad Wahid Sutopo
Direktur Sumber Daya Manusia dan Umum	Eko Soesanto Tjiptadi

*) Berdasarkan RUPSLB tanggal 5 Maret 2012, pemegang saham menyetujui pemberhentian sebagai Direksi.

1. GENERAL (continued)

e. Boards of Commissioners, Directors and Employees (continued)

Board of Directors
President Director
Director of Finance
Director of Operations
Director of Technology and Development
Director of Investment Planning and Risk Management
Director of Human Resources and General Affairs

Based on the Annual General Meeting of Shareholders on May 22, 2012, the shareholders approved the members of the Company's Boards of Commissioners and Directors as of December 31, 2012:

Board of Commissioners
Chairman of the Board of Commissioners
Commissioner
Commissioner
Commissioner
Independent Commissioner
Independent Commissioner

Board of Directors
President Director
Director of Finance
Director of Operations
Director of Technology and Development
Director of Investment Planning and Risk Management
Director of Human Resources and General Affairs

Based on the Extraordinary General Meeting of Shareholders (EGMS) on April 6, 2011, the shareholders approved the members of the Company's Boards of Commissioners and Directors as of December 31, 2011:

Board of Commissioners
Chairman of the Board Commissioners and also as Independent Commissioner
Commissioner
Commissioner
Commissioner
Independent Commissioner

Board of Directors
President Director
Director of Finance
Director of Operations
Director of Technology and Development
Director of Investment Planning and Risk Management
Director of Human Resources and General Affairs

*) Based on EGMS dated March 5, 2012, the shareholders agreed to discharge as a Director

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1. UMUM (lanjutan)

e. Dewan Komisaris, Direksi dan Karyawan (lanjutan)

Susunan Komite Audit Perusahaan adalah sebagai berikut:

	2013	2012
Ketua	Pudja Sunasa	Pudja Sunasa
Anggota	Mohamad Slamet Wibowo	Tjahjanto Budisatrio
Anggota	Imbuh Sulistyarini	Mohamad Slamet Wibowo
Anggota	Kanyatama P. Mulyono**)	Imbuh Sulistyarini
Anggota	Gunawan Indradi	Shalahuddin Haikal

**) Berdasarkan Surat Keputusan Dewan Komisaris No. Kep.09/D-KOM/2013, tanggal 31 Oktober 2013, Dewan Komisaris mengangkat Kanyatama P. Mulyono sebagai anggota Komite Audit untuk menggantikan Shalahuddin Haikal, yang berlaku efektif pada tanggal 1 November 2013.

Pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 jumlah karyawan tetap Perusahaan dan Entitas Anak (bersama-sama disebut sebagai "Kelompok Usaha") masing-masing adalah 1.938 orang, 1.920 orang dan 1.805 orang (tidak diaudit).

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN

a. Dasar Penyajian Laporan Keuangan Konsolidasian

Laporan keuangan konsolidasian telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia ("SAK"), yang mencakup Pernyataan dan Interpretasi yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia ("DSAK") dan Peraturan Nomor VIII.G.7 tentang Pedoman Penyajian dan Pengungkapan Laporan Keuangan yang diterbitkan oleh BAPEPAM-LK.

Laporan keuangan konsolidasian disusun berdasarkan konsep akrual dengan menggunakan konsep biaya historis, kecuali untuk beberapa akun tertentu yang diukur berdasarkan pengukuran sebagaimana diuraikan dalam kebijakan akuntansi masing-masing akun tersebut.

1. GENERAL (continued)

e. Boards of Commissioners, Directors and Employees (continued)

The members of the Company's Audit Committee are as follows:

	2013	2012	2011	
	Tengku Nathan Machmud			Chairman
	Tjahjanto Budisatrio			Member
	Mohamad Slamet Wibowo			Member
	Imbuh Sulistyarini			Member
	Shalahuddin Haikal			Member

**) Based on the Board of Commissioners' decision letter No. Kep.09/D-KOM/2013, dated October 31, 2013, the Board of Commissioners agreed to appoint Kanyatama P. Mulyono as a member of Audit Committee to replace Shalahuddin Haikal which were effective on November 1, 2013.

As of December 31, 2013, 2012 and 2011, the Company and Subsidiaries (collectively referred to as the "Group") have a total of 1,938, 1,920 and 1,805 permanent employees (unaudited), respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements and Interpretations issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants ("DSAK") and the Regulation Number VIII.G.7 on the Guidelines on Financial Statement Presentation and Disclosures issued by BAPEPAM-LK.

The consolidated financial statements have been prepared on the accrual basis using the historical cost concept of accounting, except for certain accounts which are measured on the bases described in the related accounting policies of each account.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

a. Dasar Penyajian Laporan Keuangan Konsolidasian (lanjutan)

Laporan arus kas konsolidasian yang disusun dengan menggunakan metode langsung, menyajikan penerimaan dan pengeluaran kas yang diklasifikasikan dalam aktivitas operasi, investasi dan pendanaan.

Mata uang penyajian yang digunakan dalam laporan keuangan konsolidasian adalah Dolar Amerika Serikat yang merupakan mata uang fungsional Perusahaan dan Kelompok Usaha (Catatan 2.u). Setiap entitas di dalam Kelompok Usaha menetapkan mata uang fungsional sendiri dan transaksi-transaksi di dalam laporan keuangan dari setiap entitas diukur berdasarkan mata uang fungsional tersebut.

Mata uang fungsional Transgasindo, GEI, SEI dan PT Nusantara Regas adalah Dolar Amerika Serikat, sedangkan untuk PGASKOM, PGASSOL dan PLI adalah Rupiah.

Laporan keuangan konsolidasian Perusahaan dan entitas anaknya untuk tahun yang berakhir pada tanggal 31 Desember 2013, 2012 dan 2011 telah disusun sehubungan dengan adanya rencana penawaran efek hutang Perusahaan di Bursa Efek Singapura.

b. Prinsip-prinsip Konsolidasian

Laporan keuangan konsolidasian meliputi akun-akun Kelompok Usaha seperti disebutkan pada Catatan 1.d (secara langsung maupun tidak langsung) dengan kepemilikan saham lebih dari 50%.

Laporan keuangan konsolidasian disusun dengan menggunakan kebijakan akuntansi yang sama untuk transaksi dan peristiwa lain dalam keadaan yang serupa. Jika anggota Kelompok Usaha menggunakan kebijakan akuntansi yang berbeda untuk transaksi dan peristiwa dalam keadaan yang serupa, maka penyesuaian dilakukan atas laporan keuangannya dalam penyusunan laporan keuangan konsolidasian.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Preparation of the Consolidated Financial Statements (continued)

The consolidated statements of cash flows, which have been prepared using the direct method, present cash receipts and payments classified into operating, investing and financing activities.

The presentation currency used in the preparation of the consolidated financial statements is the US Dollar which is the functional currency of the Company and the Group (Note 2.u). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of Transgasindo, GEI, SEI and PT Nusantara Regas is the US Dollar while PGASKOM, PGASSOL and PLI is the Rupiah.

The consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2013, 2012 and 2011 has been prepared in relation to the proposed offering of the debt securities of the Company on Singapore Exchange.

b. Principles of Consolidation

The consolidated financial statements include the accounts of the Group as described in Note 1.d, in which the Company maintains (directly or indirectly) equity ownership of more than 50%.

Consolidated financial statements have been prepared using uniform accounting policies for transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

b. Prinsip-prinsip Konsolidasian (lanjutan)

Seluruh saldo akun dan transaksi yang signifikan antara Perusahaan dengan Entitas Anak telah dieliminasi.

Entitas-entitas Anak dikonsolidasi secara penuh sejak tanggal akuisisi, yaitu tanggal Perusahaan memperoleh pengendalian, sampai dengan tanggal entitas induk kehilangan pengendalian. Pengendalian dianggap ada ketika Perusahaan memiliki secara langsung atau tidak langsung melalui Entitas-entitas Anak, lebih dari setengah kekuasaan suara entitas.

Pengendalian juga ada ketika entitas induk memiliki setengah atau kurang kekuasaan suara suatu entitas jika terdapat:

- (a) kekuasaan yang melebihi setengah hak suara sesuai perjanjian dengan investor lain;
- (b) kekuasaan yang mengatur kebijakan keuangan dan operasional entitas berdasarkan anggaran dasar atau perjanjian;
- (c) kekuasaan untuk menunjuk atau mengganti sebagian besar direksi atau organ pengatur setara dan mengendalikan entitas melalui direksi atau organ tersebut; atau
- (d) kekuasaan untuk memberikan suara mayoritas pada rapat dewan direksi atau organ pengatur setara dan mengendalikan entitas melalui direksi atau organ tersebut.

Rugi entitas anak yang tidak dimiliki secara penuh diatribusikan pada KNP bahkan jika hal ini mengakibatkan KNP mempunyai saldo defisit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

All significant intercompany accounts and transactions between the Company and Subsidiaries have been eliminated.

Subsidiaries are fully consolidated from the date of acquisitions, being the date on which the Company obtained control, and continue to be consolidated until the date such control ceases. Control is presumed to exist if the Company owns, directly or indirectly through Subsidiaries, more than a half of the voting power of an entity.

Control also exists when the parent owns half or less of the voting power of an entity when there is:

- (a) power over more than half of the voting rights by virtue of an agreement with other investors;
- (b) power to govern the financial and operating policies of the entity under a statute or an agreement;
- (c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity by that board or body; or
- (d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity by that board or body.

Losses of a non-wholly owned subsidiary are attributed to the NCI even if that NCI results in a deficit balance.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

b. Prinsip-prinsip Konsolidasian (lanjutan)

Jika kehilangan pengendalian atas suatu entitas anak, maka Kelompok Usaha:

- menghentikan pengakuan aset (termasuk setiap *goodwill*) dan liabilitas Entitas Anak;
- menghentikan pengakuan jumlah tercatat setiap KNP;
- menghentikan pengakuan akumulasi selisih penjabaran, yang dicatat di ekuitas, bila ada;
- mengakui nilai wajar pembayaran yang diterima;
- mengakui setiap sisa investasi pada nilai wajarnya;
- mengakui setiap perbedaan yang dihasilkan sebagai keuntungan atau kerugian dalam laba rugi; dan
- mereklasifikasi bagian induk atas komponen yang sebelumnya diakui sebagai pendapatan komprehensif ke laporan laba rugi, atau mengalihkan secara langsung ke saldo laba.

KNP mencerminkan bagian atas laba atau rugi dan aset neto dari Entitas Anak yang tidak dapat diatribusikan secara langsung maupun tidak langsung kepada entitas induk, yang masing-masing disajikan dalam laporan laba rugi komprehensif konsolidasian dan dalam ekuitas pada laporan posisi keuangan konsolidasian, terpisah dari bagian yang dapat diatribusikan kepada pemilik entitas induk.

Bagian kepemilikan pemegang saham minoritas atas aset neto Entitas Anak disajikan sebagai "Kepentingan Nonpengendali" pada Laporan Posisi Keuangan Konsolidasian. Hak minoritas atas laba (rugi) neto Entitas Anak pada Laporan Laba Rugi Komprehensif Konsolidasian disajikan sebagai "Laba/Rugi Tahun Berjalan yang Dapat Diatribusikan kepada Kepentingan Nonpengendali".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

In case of loss of control over a subsidiary, the Group:

- *derecognizes the assets (including goodwill) and liabilities of the Subsidiary;*
- *derecognizes the carrying amount of any NCI;*
- *derecognizes the cumulative translation differences, recorded in equity, if any;*
- *recognizes the fair value of the consideration received;*
- *recognizes the fair value of any investment retained;*
- *recognizes any surplus or deficit in profit or loss; and*
- *reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.*

NCI represents the portion of the profit or loss and net assets of the Subsidiaries not attributable, directly or indirectly, to the parent company, which are presented in the consolidated statements of comprehensive income and under the equity section of the consolidated statements of financial position, respectively, separately from the corresponding portion attributable to the owners of the parent entity.

Minority interest in net assets of Subsidiaries are presented as "Non-controlling Interests" in the Consolidated Statements of Financial Position. Minority interest in net earnings (loss) of Subsidiaries are presented in the Consolidated Statements of Comprehensive Income as "Profit/Loss for the Year Attributable to Non-Controlling Interests".

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

b. Prinsip-prinsip Konsolidasian (lanjutan)

b. Principles of Consolidation (continued)

Untuk tujuan konsolidasi, laporan keuangan PGASKOM, PGASSOL dan PLI dijabarkan ke dalam Dolar Amerika Serikat dengan menggunakan:

For consolidation purposes, the financial statements of PGASKOM, PGASSOL and PLI are translated into US Dollar using the following:

Akun/Accounts

Kurs/Exchange Rates

Aset dan liabilitas/
Assets and liabilities

Kurs rata-rata pembelian dan penjualan Bank Indonesia pada akhir tahun pelaporan/
Average buying and selling exchange rate of Bank Indonesia at end of reporting year

Pendapatan dan beban/
Revenues and expenses

Rata-rata tertimbang dari kurs tengah Bank Indonesia selama setahun dalam laporan laba rugi komprehensif/
Weighted-average middle rate of Bank Indonesia during the year of statements of comprehensive income

Selisih yang timbul dari penjabaran laporan keuangan PGASKOM, PGASSOL dan PLI ke dalam Dolar Amerika Serikat disajikan dalam akun "Pendapatan komprehensif lainnya - Selisih Kurs karena Penjabaran Laporan Keuangan Entitas Anak" sebagai bagian dari Komponen Ekuitas Lainnya pada ekuitas dalam laporan posisi keuangan konsolidasian.

The difference arising from the translation of PGASKOM, PGASSOL and PLI's financial statements into US Dollar is presented as "Other Comprehensive Income - Difference in Foreign Currency Translation of the Financial Statements of Subsidiaries" account as part of Other Components of Equity in the equity section of the consolidated statements of financial position.

c. Kombinasi Bisnis dan Goodwill

c. Business Combinations and Goodwill

Kombinasi bisnis dicatat dengan menggunakan metode akuisisi. Biaya perolehan dari sebuah akuisisi diukur pada nilai agregat imbalan yang dialihkan, diukur pada nilai wajar pada tanggal akuisisi dan jumlah setiap KNP pada pihak yang diakuisisi. Untuk setiap kombinasi bisnis, Kelompok Usaha memilih apakah mengukur KNP pada entitas yang diakuisisi baik pada nilai wajar ataupun pada proporsi kepemilikan KNP atas aset neto yang teridentifikasi dari entitas yang diakuisisi. Biaya-biaya akuisisi yang timbul dibebankan langsung dan disertakan dalam "Beban Umum dan Administrasi".

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any NCI in the acquiree. For each business combination, the Group selects whether it measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are directly expensed and included in "General and Administrative Expenses".

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

c. Kombinasi Bisnis dan Goodwill (lanjutan)

Ketika melakukan akuisisi atas sebuah bisnis, Kelompok Usaha mengklasifikasikan dan menentukan aset keuangan yang diperoleh dan liabilitas keuangan yang diambil alih berdasarkan pada persyaratan kontraktual, kondisi ekonomi dan kondisi terkait lain yang ada pada tanggal akuisisi.

Dalam suatu kombinasi bisnis yang dilakukan secara bertahap, Kelompok Usaha mengukur kembali kepentingan ekuitas yang dimiliki sebelumnya pada pihak yang diakuisisi pada nilai wajar tanggal akuisisi dan mengakui keuntungan atau kerugian yang dihasilkan.

Imbalan kontinjensi yang akan dibayarkan oleh pihak pengakuisisi diakui pada nilai wajar pada tanggal akuisisi. Perubahan nilai wajar atas imbalan kontinjensi setelah tanggal akuisisi yang diklasifikasikan sebagai aset atau liabilitas, akan diakui pada laporan laba rugi berjalan atau sebagai pendapatan komprehensif lain sesuai dengan PSAK No. 55 (Revisi 2011). Jika diklasifikasikan sebagai ekuitas, imbalan kontinjensinya tidak diukur kembali sampai penyelesaian terakhir dalam ekuitas.

Pada tanggal akuisisi, *goodwill* awalnya diukur pada harga perolehan yang merupakan selisih lebih nilai agregat dari imbalan yang dialihkan dan jumlah setiap KNP atas selisih jumlah dari aset teridentifikasi yang diperoleh dan liabilitas yang diambil alih. Jika imbalan tersebut kurang dari nilai wajar aset neto entitas anak yang diakuisisi, selisih tersebut diakui sebagai laba atau rugi sebagai keuntungan dari pembelian dengan diskon setelah sebelumnya manajemen melakukan penilaian atas identifikasi dan nilai wajar dari aset yang diperoleh dan liabilitas yang diambil alih dan dicatat dalam laporan laba rugi komprehensif konsolidasian.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**c. Business Combinations and Goodwill
(continued)**

When the Group acquires a business, it assesses the financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PSAK No. 55 (Revised 2011) either in profit or loss as other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

At acquisition date, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on bargain purchase after previously assessing the identification and fair value measurement of the acquired assets and the assumed liabilities and recorded in consolidated statements of comprehensive income.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

c. Kombinasi Bisnis dan Goodwill (lanjutan)

Setelah pengakuan awal, *goodwill* diukur pada jumlah tercatat dikurangi akumulasi kerugian penurunan nilai. Untuk tujuan pengujian penurunan nilai, *goodwill* yang diperoleh dari suatu kombinasi bisnis, sejak tanggal akuisisi dialokasikan kepada setiap Unit Penghasil Kas ("UPK") dari Kelompok Usaha yang diharapkan akan bermanfaat dari sinergi kombinasi tersebut, terlepas dari apakah aset atau liabilitas lain dari pihak yang diakuisisi ditetapkan atas UPK tersebut.

Jika *goodwill* telah dialokasikan pada suatu UPK dan operasi tertentu atas UPK tersebut dihentikan, maka *goodwill* yang diasosiasikan dengan operasi yang dihentikan tersebut termasuk dalam jumlah tercatat operasi tersebut ketika menentukan keuntungan atau kerugian dari pelepasan. *Goodwill* yang dilepaskan tersebut diukur berdasarkan nilai relatif operasi yang dihentikan dan porsi UPK yang ditahan.

d. Aset dan Liabilitas Keuangan

(i) Aset Keuangan

Pengakuan awal

Aset keuangan dalam ruang lingkup PSAK No. 55 (Revisi 2011) diklasifikasikan sebagai aset keuangan yang dinilai pada nilai wajar melalui laba atau rugi, pinjaman yang diberikan dan piutang, investasi yang dimiliki hingga tanggal jatuh tempo dan aset keuangan tersedia untuk dijual. Aset keuangan pada awalnya diukur pada nilai wajar, dan dalam hal aset keuangan yang tidak diukur pada nilai wajar melalui laporan laba rugi, ditambah dengan biaya transaksi yang dapat diatribusikan secara langsung.

Pembelian atau penjualan aset keuangan yang mensyaratkan penyerahan aset dalam kurun waktu yang ditetapkan oleh peraturan atau kebiasaan yang berlaku di pasar (pembelian yang lazim/regular) diakui pada tanggal perdagangan, yaitu tanggal Kelompok Usaha berkomitmen untuk membeli atau menjual aset tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Business Combinations and Goodwill (continued)

After initial recognition, *goodwill* is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, *goodwill* acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash-generating Units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGUs.

Where *goodwill* forms part of a CGU and part of the operations within that CGU is disposed of, the *goodwill* associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. *Goodwill* disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

d. Financial Assets and Liabilities

(i) Financial Assets

Initial recognition

Financial assets within the scope of the PSAK No. 55 (Revised 2011) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are recognized initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the assets.

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d. Aset dan Liabilitas Keuangan (lanjutan)

(i) Aset Keuangan (lanjutan)

Pengakuan awal (lanjutan)

Kelompok Usaha mengklasifikasikan aset keuangannya menjadi pinjaman yang diberikan dan piutang dan aset keuangan tersedia untuk dijual. Klasifikasi ini tergantung dari tujuan perolehan aset keuangan tersebut. Manajemen menentukan klasifikasi aset keuangan tersebut pada saat awal pengakuannya dan jika diperbolehkan dan sesuai, akan dievaluasi kembali setiap akhir tahun keuangan.

Pengukuran setelah pengakuan awal

Pengukuran aset keuangan setelah pengakuan awal tergantung pada klasifikasinya sebagai berikut:

• Pinjaman yang diberikan dan piutang

Pinjaman yang diberikan dan piutang adalah aset keuangan non derivatif dengan pembayaran tetap atau telah ditentukan dan tidak mempunyai kuota di pasar aktif.

Pada saat pengakuan awal, aset keuangan ini diakui pada nilai wajarnya ditambah biaya transaksi dan selanjutnya dinyatakan sebesar biaya perolehan yang diamortisasi dengan menggunakan metode suku bunga efektif, dan keuntungan dan kerugian terkait diakui dalam laba rugi pada saat pinjaman yang diberikan dan piutang dihentikan pengakuannya atau mengalami penurunan nilai, demikian juga melalui proses amortisasi.

Dalam hal terjadi penurunan nilai, kerugian penurunan nilai dilaporkan sebagai pengurang dari nilai tercatat dari aset keuangan dalam kelompok pinjaman yang diberikan dan piutang dan diakui di dalam laporan laba rugi komprehensif konsolidasian.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial Assets and Liabilities (continued)

(i) Financial Assets (continued)

Initial recognition (continued)

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financials assets were acquired. Management determines the classification of its financial assets at initial recognition and where allowed and appropriate, re-evaluates this designation at each financial year end.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

• Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

These financial assets are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method and gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the financial assets classified as loan and receivables and recognized in the consolidated statements of comprehensive income.

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d. Aset dan Liabilitas Keuangan (lanjutan)

(i) Aset Keuangan (lanjutan)

Pengukuran setelah pengakuan awal (lanjutan)

- Aset keuangan yang tersedia untuk dijual

Aset keuangan tersedia untuk dijual adalah aset keuangan non derivatif yang ditetapkan sebagai tersedia untuk dijual atau yang tidak diklasifikasikan ke dalam tiga kategori sebelumnya. Setelah pengukuran awal, aset keuangan tersedia untuk dijual diukur pada nilai wajar dengan laba atau rugi yang belum direalisasi diakui dalam ekuitas sampai investasi tersebut dihentikan pengakuannya. Pada saat itu, laba atau rugi kumulatif yang sebelumnya diakui dalam ekuitas harus direklasifikasi ke dalam laba atau rugi sebagai penyesuaian reklasifikasi.

Investasi yang diklasifikasi sebagai aset keuangan tersedia untuk dijual adalah sebagai berikut:

- Investasi pada saham yang tidak tersedia nilai wajarnya dengan kepemilikan kurang dari 20% dan investasi jangka panjang lainnya dicatat pada biaya perolehannya.
- Investasi pada instrumen utang yang tidak ditujukan untuk dimiliki sampai jatuh tempo diklasifikasikan sebagai aset keuangan tersedia untuk dijual, dan dicatat pada nilai wajar.

(ii) Penurunan Nilai dari Aset Keuangan

Kelompok Usaha melakukan penilaian pada setiap tanggal laporan posisi keuangan apakah terdapat bukti obyektif bahwa aset keuangan mengalami penurunan nilai.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial Assets and Liabilities (continued)

(i) Financial Assets (continued)

Subsequent measurement (continued)

- Available-for-sale (AFS) financial assets

AFS financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of three preceding categories. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in the equity until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in the equity shall be reclassified to profit or loss as a reclassification adjustment.

The investments classified as AFS are as follows:

- Investments in shares of stock that do not have readily determinable fair value in which the equity interest is less than 20% and other long-term investments are carried at cost.
- Investments in debt instruments which are not intended to be held to maturity that have readily determinable are classified as AFS and recorded at fair value.

(ii) Impairment of Financial Assets

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired.

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d. Aset dan Liabilitas Keuangan (lanjutan)

(ii) Penurunan Nilai dari Aset Keuangan (lanjutan)

- Aset keuangan dicatat pada biaya perolehan diamortisasi

Jika Kelompok Usaha menentukan tidak terdapat bukti obyektif mengenai penurunan nilai atas aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka Perusahaan memasukkan aset tersebut ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang serupa dan menilai penurunan nilai kelompok tersebut secara kolektif. Aset yang penurunan nilainya dinilai secara individual dan untuk itu kerugian penurunan nilai diakui atau terus diakui, tidak termasuk dalam penilaian penurunan nilai secara kolektif.

Jumlah kerugian penurunan nilai diukur berdasarkan selisih antara nilai tercatat aset keuangan dengan nilai kini dari estimasi arus kas masa datang (tidak termasuk kerugian kredit di masa depan yang belum terjadi) yang didiskontokan menggunakan tingkat suku bunga efektif awal dari aset keuangan tersebut.

Nilai tercatat aset tersebut dikurangi melalui akun cadangan penurunan nilai dan jumlah kerugian diakui pada laporan laba rugi komprehensif konsolidasian. Jika pinjaman yang diberikan memiliki suku bunga variabel, maka tingkat diskonto yang digunakan adalah suku bunga efektif yang berlaku yang ditetapkan dalam kontrak.

Perhitungan nilai kini dari estimasi arus kas masa datang atas aset keuangan dengan agunan (*collateralized financial asset*) mencerminkan arus kas yang dapat dihasilkan dari utilisasi dari jaminan deposit yang diberikan oleh pelanggan kepada Kelompok Usaha.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial Assets and Liabilities (continued)

(ii) Impairment of Financial Assets (continued)

- Financial assets carried at amortized cost

If the Group determines that no objective evidence of impairment exists for an individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

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 through the use of an allowance for impairment and the amount of the loss is recognized in the consolidated statements of comprehensive income. If a receivable has a variable interest rate, the discount rate used is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from the utilization of deposit placed by customer to the Group.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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d. Aset dan Liabilitas Keuangan (lanjutan)

**(ii) Penurunan Nilai dari Aset Keuangan
(lanjutan)**

- Aset keuangan dicatat pada biaya perolehan diamortisasi (lanjutan)

Estimasi tahun antara terjadinya peristiwa dan teridentifikasinya kerugian ditentukan oleh manajemen untuk setiap portofolio yang diidentifikasi. Untuk tujuan evaluasi penurunan nilai secara kolektif, aset keuangan dikelompokkan berdasarkan kesamaan karakteristik risiko kredit yaitu berdasarkan jenis pelanggan.

Arus kas masa datang dari aset keuangan Kelompok Usaha yang penurunan nilainya dievaluasi secara kolektif, diestimasi berdasarkan arus kas kontraktual atas aset-aset di dalam kelompok tersebut dan kerugian historis yang pernah dialami atas aset-aset yang memiliki karakteristik risiko kredit yang serupa dengan karakteristik risiko kredit kelompok tersebut. Kerugian historis yang pernah dialami kemudian disesuaikan berdasarkan data terkini yang dapat diobservasi untuk mencerminkan kondisi saat ini yang tidak berpengaruh pada tahun terjadinya kerugian historis tersebut, dan untuk menghilangkan pengaruh kondisi yang ada pada tahun historis namun sudah tidak ada lagi saat ini.

Ketika piutang tidak tertagih, piutang tersebut dihapusbukukan dengan menjurnal balik cadangan kerugian penurunan nilai. Piutang tersebut dapat dihapus buku setelah semua prosedur yang diperlukan telah dilakukan dan jumlah kerugian telah ditentukan. Beban penurunan nilai yang terkait dengan piutang diklasifikasikan ke dalam "Cadangan Kerugian Penurunan Nilai".

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

d. Financial Assets and Liabilities (continued)

**(ii) Impairment of Financial Assets
(continued)**

- Financial assets carried at amortized cost (continued)

The estimated year between a loss occurring and its identification is determined by the management for each identified portfolio. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics by customer type.

Future cash flows in the Group of financial assets that are collectively evaluated for impairment, and are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the current conditions which did not affect the year on which the historical loss experience is based and to remove the effects of conditions in the historical year that do not currently exist.

When a receivable is uncollectible, it is written off against the related allowance for impairment losses. Such receivable are written-off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to receivable, is classified in "Allowance for Impairment Losses".

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(ii) Penurunan Nilai dari Aset Keuangan (lanjutan)

- Aset keuangan dicatat pada biaya perolehan diamortisasi (lanjutan)

Jika, pada tahun berikutnya, jumlah kerugian penurunan nilai berkurang dan pengurangan tersebut dapat dikaitkan secara obyektif pada peristiwa yang terjadi setelah penurunan nilai diakui maka kerugian penurunan nilai yang sebelumnya diakui dipulihkan, dengan menyesuaikan cadangan kerugian penurunan nilai. Jumlah pemulihan aset keuangan diakui pada laporan laba rugi komprehensif konsolidasian.

Penerimaan kemudian atas piutang yang telah dihapusbukukan sebelumnya, jika pada tahun berjalan, dikreditkan pada cadangan kerugian penurunan nilai, sedangkan jika setelah tanggal laporan posisi keuangan konsolidasian, dikreditkan sebagai pendapatan operasional lainnya.

- Aset keuangan yang tersedia untuk dijual

Aset keuangan diturunkan nilainya dan kerugian penurunan nilai telah terjadi, jika dan hanya jika, terdapat bukti yang obyektif 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 yang dapat diestimasi secara handal.

Untuk menentukan adanya bukti obyektif bahwa rugi penurunan nilai telah terjadi atas aset keuangan, Kelompok Usaha mempertimbangkan faktor-faktor seperti kemungkinan adanya insolvabilitas atau kesulitan keuangan signifikan yang dialami debitur dan kelalaian atau penundaan signifikan pembayaran.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial Assets and Liabilities (continued)

(ii) Impairment of Financial Assets (continued)

- Financial assets carried at amortized cost (continued)

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized the previously recognized impairment loss is reversed by adjusting the allowance for impairment losses. The amount of the reversal is recognized in the consolidated statements of comprehensive income.

Subsequent recoveries of previously written-off receivables, if in the current year, are credited to the allowance for impairment losses, but if after the consolidated statement of financial position date, are credited to other operating income.

- Available-for-sale (AFS) financial assets

A financial asset 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 loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

To determine whether there is objective evidence that an impairment loss on financial assets have been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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**(ii) Penurunan Nilai dari Aset Keuangan
(lanjutan)**

- Aset keuangan yang tersedia untuk dijual (lanjutan)

Kelompok Usaha pertama kali menentukan apakah terdapat bukti obyektif penurunan nilai secara individual atas aset keuangan yang secara individual signifikan atau secara kolektif untuk aset keuangan yang jumlahnya tidak signifikan secara individual.

(iii) Liabilitas Keuangan

Pengakuan awal

Liabilitas keuangan dalam ruang lingkup PSAK No. 55 (Revisi 2011) diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi, utang dan pinjaman. Pada tanggal laporan posisi keuangan konsolidasian, Kelompok Usaha memiliki kedua jenis liabilitas keuangan. Kelompok Usaha menetapkan klasifikasi atas liabilitas keuangan pada saat pengakuan awal.

Liabilitas keuangan pada awalnya diukur pada nilai wajar dan, dalam hal pinjaman dan utang, ditambah biaya transaksi yang dapat diatribusikan secara langsung.

Kelompok Usaha mengklasifikasikan liabilitas keuangan dalam kategori (a) liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi dan (b) liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi. Liabilitas keuangan dihentikan pengakuannya ketika kewajiban yang telah ditetapkan dalam kontrak dihentikan atau dibatalkan atau kadaluwarsa.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

d. Financial Assets and Liabilities (continued)

**(ii) Impairment of Financial Assets
(continued)**

- Available-for-sale (AFS) financial assets (continued)

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant.

(iii) Financial Liabilities

Initial recognition

Financial liabilities within the scope of PSAK No. 55 (Revised 2011) are classified as financial liabilities at fair value through profit or loss, loans and borrowings. As at the consolidated statement of financial position date, the Group has both type of financial liabilities. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, inclusive of directly attributable transaction costs.

The Group classifies its financial liabilities in the category of (a) financial liabilities at fair value through profit or loss and (b) financial liabilities measured at amortized cost. Financial liabilities are derecognized when the obligations under the contract is discharged or cancelled or expired.

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d. Aset dan Liabilitas Keuangan (lanjutan)

(iii) Liabilitas Keuangan (lanjutan)

Pengakuan awal (lanjutan)

- a. Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi

Kategori ini terdiri dari liabilitas keuangan diklasifikasikan sebagai diperdagangkan.

Liabilitas keuangan diklasifikasikan sebagai diperdagangkan jika diperoleh terutama untuk tujuan dijual atau dibeli kembali dalam waktu dekat. Derivatif diklasifikasikan sebagai kewajiban diperdagangkan kecuali ditetapkan dan efektif sebagai instrumen lindung nilai.

Keuntungan dan kerugian yang timbul dari perubahan nilai wajar liabilitas keuangan yang diklasifikasikan sebagai diperdagangkan disajikan dalam laporan laba rugi komprehensif konsolidasian sebagai akun "Laba (Rugi) Perubahan Nilai Wajar Derivatif - Neto".

- b. Liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi

Liabilitas keuangan yang tidak diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi dikategorikan dan diukur dengan biaya perolehan diamortisasi.

Setelah pengakuan awal, Kelompok Usaha mengukur seluruh liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

(iv) Penentuan Nilai Wajar

Nilai wajar untuk instrumen keuangan yang diperdagangkan di pasar aktif ditentukan berdasarkan nilai pasar yang berlaku pada tanggal laporan posisi keuangan. Termasuk di dalamnya adalah nilai pasar dari IDMA (*Interdealer Market Association*) atau harga yang diberikan oleh broker (*quoted price*) dari Bloomberg dan Reuters pada tanggal laporan posisi keuangan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial Assets and Liabilities (continued)

(iii) Financial Liabilities (continued)

Initial recognition (continued)

- a. Financial liabilities at fair value through profit or loss

This category comprises of financial liabilities classified as held for trading.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the consolidated statements of comprehensive income and are presented as "Gain (Loss) on Change in Fair Value of Derivative - Net" account.

- b. Financial liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit and loss fall into this category and are measured at amortized cost.

After initial recognition, the Group measures all financial liabilities at amortized cost using effective interest rate method.

(iv) Determination of Fair Value

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the statement of financial position date. The fair value includes IDMA's (*Interdealer Market Association*) quoted market prices or broker's quoted price from Bloomberg and Reuters at statement of financial position date.

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d. Aset dan Liabilitas Keuangan (lanjutan)

(iv) Penentuan Nilai Wajar (lanjutan)

Instrumen keuangan dianggap memiliki kuotasi di pasar aktif, jika harga kuotasi tersedia sewaktu-waktu dan dapat diperoleh secara rutin dari bursa, pedagang efek (*dealer*), perantara efek (*broker*), kelompok industri, badan pengawas (*pricing service or regulatory agency*) dan harga tersebut mencerminkan transaksi pasar yang aktual dan rutin dalam suatu transaksi yang wajar. Jika kriteria di atas tidak terpenuhi, maka pasar aktif dinyatakan tidak tersedia. Indikasi-indikasi dari pasar tidak aktif adalah terdapat selisih yang besar antara harga penawaran dan permintaan atau kenaikan signifikan dalam selisih harga penawaran dan permintaan dan hanya terdapat beberapa transaksi terkini.

Nilai wajar untuk semua instrumen keuangan lainnya yang tidak memiliki kuotasi di pasar aktif ditentukan dengan menggunakan teknik penilaian. Dengan teknik ini, nilai wajar merupakan suatu estimasi yang dihasilkan dari data yang dapat diobservasi dari instrumen keuangan yang sejenis, menggunakan model-model untuk mendapatkan estimasi nilai kini dari arus kas masa depan yang diharapkan atau teknik penilaian lainnya menggunakan input (sebagai contoh *LIBOR yield curve*, nilai tukar mata uang asing, volatilitas dan *counterparty spreads*) yang tersedia pada tanggal laporan posisi keuangan konsolidasian.

Kelompok Usaha menggunakan beberapa teknik penilaian yang digunakan secara umum untuk menentukan nilai wajar dari instrumen keuangan, seperti opsi suku bunga dan *swap* mata uang asing. Input yang digunakan dalam teknik penilaian untuk instrumen keuangan di atas adalah data pasar yang dapat diobservasi.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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d. Financial Assets and Liabilities (continued)

(iv) Determination of Fair Value (continued)

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments which not provided quoted in an active market, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, foreign currency rates, volatilities and counterparty spreads) existing at the dates of the consolidated statements of financial position.

The Group uses widely recognized valuation models for determining fair values of financial instruments, such as options of interest rate and foreign currency swaps. For these financial instruments, inputs into models are generally market-observable.

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d. Aset dan Liabilitas Keuangan (lanjutan)

(iv) Penentuan Nilai Wajar (lanjutan)

Untuk instrumen yang lebih kompleks, Kelompok Usaha menggunakan model penilaian internal, yang pada umumnya berdasarkan teknik dan metode penilaian yang umumnya diakui sebagai standar industri.

Beberapa input dari model ini tidak berasal dari data yang dapat diobservasi di pasar dan demikian merupakan hasil estimasi berdasarkan asumsi tertentu.

Derivatif ditentukan menggunakan *Monte Carlo Simulation*.

(v) Penghentian Pengakuan

Penghentian pengakuan aset keuangan dilakukan ketika hak kontraktual untuk menerima arus kas yang berasal dari aset keuangan tersebut berakhir, atau ketika aset keuangan tersebut telah dialihkan dan secara substansial seluruh risiko dan manfaat atas kepemilikan aset telah ditransfer (jika, secara substansial seluruh risiko dan manfaat tidak ditransfer, maka Kelompok Usaha melakukan evaluasi untuk memastikan keterlibatan berkelanjutan atas kontrol yang masih dimiliki tidak mencegah penghentian pengakuan). Liabilitas keuangan dihentikan pengakuannya ketika liabilitas yang telah ditetapkan dalam kontrak dihentikan atau dibatalkan atau kadaluwarsa.

(vi) Penyesuaian Risiko Kredit

Perusahaan menyesuaikan harga di pasar yang lebih menguntungkan untuk mencerminkan adanya perbedaan risiko kredit pihak lawan antara instrumen yang diperdagangkan di pasar tersebut dengan instrumen yang dinilai untuk posisi aset keuangan. Dalam menentukan nilai wajar posisi liabilitas keuangan, risiko kredit Perusahaan terkait dengan instrumen harus diperhitungkan.

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d. Financial Assets and Liabilities (continued)

(iv) Determination of Fair Value (continued)

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

Derivative are measured using appropriate Monte Carlo Simulation.

(v) Derecognition

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognized when the obligations under the contract is discharged or cancelled or expired.

(vi) Credit Risk Adjustments

The Company adjusts the price in the more advantageous market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Company's own credit risk associated with the instrument is taken into account.

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d. Aset dan Liabilitas Keuangan (lanjutan)

(vii) Reklasifikasi Instrumen Keuangan

Kelompok Usaha tidak mereklasifikasi instrumen keuangan dari atau ke kategori instrumen keuangan yang diukur pada nilai wajar melalui laba rugi selama instrumen keuangan tersebut dimiliki atau diterbitkan.

Kelompok Usaha tidak mengklasifikasikan aset keuangan sebagai investasi dimiliki hingga jatuh tempo, jika dalam tahun berjalan atau dalam kurun waktu dua tahun sebelumnya, telah menjual atau mereklasifikasi investasi dimiliki hingga jatuh tempo melebihi jumlah yang tidak signifikan sebelum jatuh tempo (lebih dari jumlah yang tidak signifikan dibandingkan dengan jumlah nilai investasi dimiliki hingga jatuh tempo), kecuali penjualan atau reklasifikasi tersebut:

- dilakukan ketika aset keuangan sudah mendekati jatuh tempo atau tanggal pembelian kembali di mana perubahan suku bunga pasar tidak akan berpengaruh secara signifikan terhadap nilai wajar aset keuangan tersebut;
- terjadi setelah Kelompok Usaha telah memperoleh secara substansial seluruh jumlah pokok awal aset keuangan tersebut sesuai jadwal pembayaran atau pelunasan dipercepat; atau
- terkait dengan kejadian tertentu yang berada di luar kendali Kelompok Usaha, tidak berulang dan tidak dapat diantisipasi secara wajar oleh Kelompok Usaha.

Reklasifikasi aset keuangan dari kelompok dimiliki hingga jatuh tempo ke kelompok tersedia untuk dijual dicatat sebesar nilai wajarnya. Keuntungan atau kerugian yang belum direalisasi tetap diakui dalam komponen ekuitas sampai aset keuangan tersebut dihentikan pengakuannya, dimana pada saat itu keuntungan atau kerugian kumulatif yang sebelumnya diakui dalam ekuitas harus diakui pada laporan laba rugi komprehensif konsolidasian.

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d. Financial Assets and Liabilities (continued)

(vii) Reclassification of Financial Instruments

The Group does not reclassify any financial instruments out of or into the fair value through profit or loss category while it is held or issued.

The Group does not classify any financial assets as held-to-maturity if the entity has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held-to-maturity investments before maturity (more than insignificant in relation to the total amount of held-to-maturity investments) other than sales or reclassifications that:

- are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or
- are attributable to an isolated event that is beyond the Group's control, is non-recurring and could not have been reasonably anticipated by the Group.

Reclassification of financial assets from held to maturity classification to available for sale are recorded at fair value. Unrealized gains or losses are recognized in the equity section until the financial assets is derecognized, at which time the cumulative gain or loss previously recognized in equity is recognized in the consolidated statements of comprehensive income.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Aset dan Liabilitas Keuangan (lanjutan)

d. Financial Assets and Liabilities (continued)

(viii) Klasifikasi atas Instrumen Keuangan

(viii) Classes of Financial Instruments

Kelompok Usaha mengklasifikasikan instrumen keuangan ke dalam klasifikasi tertentu yang mencerminkan sifat dari informasi dan mempertimbangkan karakteristik dari instrumen keuangan tersebut. Klasifikasi ini dapat dilihat pada tabel di bawah ini.

The Group classifies the financial instruments into classes that reflects the nature of information and take into account the characteristic of those financial instruments. The classification can be seen in the table below.

Instrumen Keuangan/ Financial Instruments	Kategori yang didefinisikan oleh PSAK No. 55 (Revisi 2011)/ Category as defined by PSAK No. 55 (Revised 2011)	Golongan/ Class	Subgolongan/ Subclass
Aset keuangan/ Financial assets	Pinjaman yang diberikan dan piutang/ Loans and receivables	Piutang lain-lain/ Other receivables	Kas dan setara kas/Cash and cash equivalents
			Kas yang dibatasi penggunaannya/Restricted cash
			Piutang usaha/Trade receivables
			Piutang dari aktivitas minyak dan gas/ Receivables from oil and gas activities
			Piutang dari Kuwait Foreign Petroleum Exploration Company K.S.C. (Closed) (KUFPEC)/Receivables from Kuwait Foreign Petroleum Exploration Company K.S.C. (Closed) (KUFPEC)
			Piutang underlifting/Underlifting receivable
			Piutang bunga/Interest receivables
			Piutang dari Pemerintah Republik Indonesia/ Receivables from the Government of the Republic of Indonesia
			Piutang lain-lain - lainnya/Other receivables - others
			Piutang lain-lain jangka panjang/Other long-term receivables
Aset keuangan tersedia dijual/ Available-for-sale financial assets			Investasi jangka pendek/Short-term investments
Liabilitas keuangan/ Financial liabilities	Liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi/ Financial liabilities at amortized cost	Utang lain-lain/ Other payables	Utang usaha/Trade payables
			Pinjaman bank jangka pendek/Short-term bank loans
			Liabilitas kepada kontraktor/Liabilities to contractors
			Cash Call
			Jaminan gas/Gas guarantee deposits
			Utang kepada PT Riau Andalan Pulp and Paper/ Payable to PT Riau Andalan Pulp and Paper
			Pembelian barang dan jasa/Purchase of goods and services
			Jaminan masa konstruksi proyek/Project performance bonds
			Utang kepada ConocoPhillips (Grissik) Ltd./ Payables to ConocoPhillips (Grissik) Ltd.
			Utang lain-lain - lainnya/Other payables - others
			Liabilitas kepada kontraktor dan pemasok/ Liabilities to contractors and suppliers
			Pembelian aset tetap/Purchase of fixed assets
			Bunga yang masih harus dibayar/Accrued interest
			Jasa konsultan/Consultant fees
			Beban pemeliharaan/Maintenance expenses
			Iuran ke BPH Migas/BPH Migas levy
			Asuransi/Insurance
			Liabilitas yang masih harus dibayar lain-lain/Other accrued liabilities
			Pinjaman jangka panjang jatuh tempo dalam waktu satu tahun/ Current maturities of long-term loans
Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi/ Financial liabilities at fair value through profit or loss			Utang derivatif/Derivative payable

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d. Aset dan Liabilitas Keuangan (lanjutan)

(ix) Saling Hapus Instrumen Keuangan

Aset keuangan dan liabilitas keuangan saling hapus buku dan nilai netonya disajikan dalam laporan posisi keuangan konsolidasian jika memiliki hak yang berkekuatan hukum untuk melakukan saling hapus buku atas jumlah yang telah diakui tersebut dan berniat untuk menyelesaikan secara neto atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara simultan.

e. Setara Kas dan Kas yang Dibatasi Penggunaannya

Deposito berjangka dengan jangka waktu tiga bulan atau kurang sejak tanggal penempatan yang tidak dibatasi penggunaannya dan tidak dijadikan jaminan diklasifikasikan sebagai "Setara Kas".

Rekening bank yang dibatasi penggunaannya sehubungan dengan persyaratan perjanjian pinjaman disajikan sebagai "Kas yang Dibatasi Penggunaannya" (Catatan 5).

f. Transaksi Dengan Pihak Berelasi

Kelompok Usaha mempunyai transaksi dengan pihak berelasi sebagaimana didefinisikan pada PSAK No. 7 (Revisi 2010).

Saldo dan transaksi yang material antara Kelompok Usaha dengan Pemerintah Negara Republik Indonesia dan entitas berelasi dengan Pemerintah diungkapkan dalam catatan atas laporan keuangan konsolidasian yang relevan. Kelompok Usaha memilih untuk mengungkapkan transaksi dengan entitas berelasi dengan Pemerintah dengan menggunakan pengecualian dari persyaratan pengungkapan pihak berelasi.

Transaksi dengan pihak berelasi dilakukan berdasarkan persyaratan yang disetujui oleh kedua belah pihak, yang mungkin tidak sama dengan transaksi lain yang dilakukan dengan pihak-pihak yang tidak berelasi.

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d. Financial Assets and Liabilities (continued)

(ix) Offsetting Financial Instrument

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

e. Cash Equivalents and Restricted Cash

Time deposits with maturity periods of three months or less at the time of placement, not restricted for use and not used as collateral are considered as "Cash Equivalents".

Cash in banks which are restricted for use as stipulated under the terms of the loan agreement is presented as "Restricted Cash" (Note 5).

f. Transactions with Related Parties

The Group has transactions with related parties as defined in PSAK No. 7 (Revised 2010).

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.

Transactions with related parties are made based on terms agreed by the parties, which may not be the same as those of the transaction between unrelated parties.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

g. Persediaan

Persediaan dinyatakan sebesar nilai yang lebih rendah antara biaya perolehan dan nilai realisasi neto. Biaya perolehan ditentukan dengan metode rata-rata bergerak (*moving-average method*). Penyisihan persediaan usang dilakukan atas dasar hasil penelaahan secara periodik terhadap kondisi persediaan.

h. Penyertaan Saham

Investasi Kelompok Usaha pada entitas asosiasi diukur dengan menggunakan metode ekuitas. Entitas asosiasi adalah suatu entitas di mana Kelompok Usaha mempunyai pengaruh signifikan. Sesuai dengan metode ekuitas, investasi pada entitas asosiasi diakui sebesar biaya perolehan pada laporan posisi keuangan konsolidasian dan yang selanjutnya disesuaikan dengan perubahan pasca perolehan dalam bagian Kelompok Usaha atas aset neto dari entitas asosiasi tersebut.

Laporan laba rugi komprehensif konsolidasian mencerminkan bagian Kelompok Usaha atas hasil operasi dari entitas asosiasi. Bila terdapat perubahan yang diakui langsung pada ekuitas dari entitas asosiasi, Kelompok Usaha mengakui bagiannya atas perubahan tersebut dan mengungkapkan hal ini, jika dapat dipakai, dalam laporan perubahan ekuitas konsolidasian. Laba atau rugi yang belum direalisasi sebagai hasil dari transaksi-transaksi antara Kelompok Usaha dengan entitas asosiasi dieliminasi pada jumlah sesuai dengan kepentingan Kelompok Usaha dalam entitas asosiasi.

Bila bagian Kelompok Usaha atas kerugian entitas asosiasi sama besar atau melebihi bagian atas ekuitas entitas asosiasi, maka pengakuan atas bagian dari rugi tersebut dihentikan. Setelah kepentingan Kelompok Usaha dikurangkan menjadi nihil, tambahan kerugian dicadangkan, dan liabilitas diakui atas kerugian lebih lanjut dari entitas asosiasi hanya bila Kelompok Usaha memiliki kewajiban konstruktif atau legal atau melakukan pembayaran atas nama entitas asosiasi. Bila entitas asosiasi kemudian melaporkan laba, Kelompok Usaha melanjutkan pengakuan atas bagian atas laba tersebut setelah bagian atas laba tersebut sama dengan bagian atas rugi yang tidak diakui sebelumnya.

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g. 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.

h. Investment in Shares of Stock

The Group's investment in its associated is accounted for using the equity method. An associated is an entity in which the Group has significant influence. Under the equity method, the investment in the associate is carried in the consolidated statements of financial position at cost and adjusted thereafter for the post acquisition changes in the Group's share of net assets of the associate.

The consolidated statements of comprehensive income reflect the Group's share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any such changes and discloses this, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, it discontinues recognizing its share of further losses. After the Groups' interest is reduced to nil, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

h. Penyertaan Saham (lanjutan)

Laporan keuangan entitas asosiasi disusun untuk tahun pelaporan yang sama dengan Kelompok Usaha.

Setelah penerapan metode ekuitas, Kelompok Usaha menentukan apakah diperlukan untuk mengakui tambahan rugi penurunan nilai atas investasi Kelompok Usaha dalam entitas asosiasi. Kelompok Usaha menentukan pada setiap tanggal pelaporan apakah terdapat bukti yang obyektif yang mengindikasikan bahwa investasi dalam entitas asosiasi mengalami penurunan nilai. Dalam hal ini, Kelompok Usaha menghitung jumlah penurunan nilai berdasarkan selisih antara jumlah terpulihkan atas investasi dalam entitas asosiasi dan nilai tercatatnya dan mengakuinya dalam laporan laba rugi komprehensif konsolidasian.

i. 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 ("carrying amount") aset tetap sebagai suatu penggantian jika memenuhi kriteria pengakuan. Semua biaya pemeliharaan dan perbaikan yang tidak memenuhi kriteria pengakuan diakui dalam laporan laba rugi komprehensif 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:

	<u>Tahun/Years</u>	<u>Tarif/Rates</u>	
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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Investment in Shares of Stock (continued)

The financial statements of the associate are prepared for the same reporting year of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associate. 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 investment in associate and its carrying value, and recognizes the amount in the consolidated statements of comprehensive income.

i. 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 recognized 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 recognized in the consolidated statements of 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.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

i. Aset Tetap (lanjutan)

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 (Catatan 2.m).

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 komprehensif konsolidasian pada tahun aset tersebut dihentikan pengakuannya.

Pada setiap akhir tahun buku, nilai residu, umur manfaat dan metode penyusutan ditelaah, 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 (Catatan 2.o).

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 dibangun dan siap digunakan sesuai dengan tujuannya. Pendapatan diterima di muka diakui selama periode kerjasama operasi.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

i. Fixed Assets (continued)

The legal cost of land rights in the form of Building Usage Rights ("HGB") incurred when the land was acquired initially are recognized 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 recognized as intangible assets and amortized over the shorter of the rights' legal life or land's economic life (Note 2.m).

An item of fixed assets is derecognized 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 consolidated statements of comprehensive income in the year the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted prospectively if appropriate, at each financial year end.

Construction in progress is presented as part of "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 (Note 2.o).

Joint venture assets are the Company's land titles used to carry out the joint venture activities. Office building obtained as compensation in the joint operation and the respective unearned income are recognized when the construction is completed and the asset is ready for its intended use. Unearned income is recognized over the period of the joint operation.

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i. Aset Tetap (lanjutan)

Aset kerjasama operasi dinyatakan pada estimasi nilai yang 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 komprehensif konsolidasian.

j. Aset Eksplorasi dan Evaluasi

Kelompok Usaha menerapkan PSAK No. 64, "Aktivitas Ekplorasi 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 tahun berjalan, kecuali biaya tersebut dapat ditangguhkan pembebanannya apabila izin untuk melakukan eksplorasi dan kegiatan pertambangan di *area of interest* tersebut masih berlaku dan memenuhi salah satu ketentuan berikut ini:

- Kegiatan eksplorasi dan evaluasi pada tanggal laporan keuangan 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*.

Biaya eksplorasi dan pengembangan yang ditangguhkan mencakup akumulasi biaya yang terkait dengan penyelidikan umum, administrasi dan perizinan, geologi dan geofisika dan biaya-biaya yang terjadi untuk mengembangkan area tambang sebelum dimulainya produksi komersial.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Fixed Assets (continued)

Joint venture 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 recognized as a loss in the consolidated statements of comprehensive income.

j. Exploration and Evaluation Assets

The Group adopted PSAK 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 statements of financial position.

Costs of exploration and evaluation in an area of interest are charged in the current year, unless these costs can be deferred if the permission to carry out exploration and mining activities in the area of interest are current and meet one of the following conditions:

- Exploration and evaluation activities on the 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.

Exploration and development costs include accumulated deferred costs associated with the general investigation, administration and licensing, and geological and geophysical costs incurred to develop a mine prior to the commencement of commercial production.

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j. Aset Eksplorasi dan Evaluasi (lanjutan)

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 (Catatan 2.I). Aset eksplorasi dan evaluasi direklasifikasi ke aset minyak dan gas bumi pada saat kelayakan teknis dan komersialitas dari minyak dan gas yang diekstraksi tersebut dapat dibuktikan.

k. Aset 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.

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.

l. Penurunan Nilai Aset Non-keuangan

Pada setiap akhir tahun pelaporan, Kelompok Usaha menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut atau pada saat pengujian penurunan nilai aset (yaitu aset tak berwujud dengan umur manfaat tidak terbatas, aset tak berwujud yang belum dapat digunakan, atau *goodwill* yang diperoleh dalam suatu kombinasi bisnis) diperlukan, maka Kelompok Usaha membuat estimasi formal jumlah terpulihkan aset tersebut.

Jumlah terpulihkan yang ditentukan untuk aset individual adalah jumlah yang lebih tinggi antara nilai wajar aset atau UPK dikurangi biaya untuk menjual dengan nilai pakainya, kecuali aset tersebut tidak menghasilkan arus kas masuk yang sebagian besar independen dari aset atau kelompok aset lain. Jika nilai tercatat aset atau UPK lebih besar daripada jumlah terpulihkannya, maka aset tersebut dipertimbangkan mengalami penurunan nilai dan nilai tercatat aset diturunkan menjadi sebesar jumlah terpulihkannya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Exploration and Evaluation Assets (continued)

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 (Note 2.I). Exploration and evaluation assets are reclassified to oil and gas assets at the time of the technical feasibility and commerciality of oil and gas are extracted can be determined.

k. 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.

Depreciation, depletion and amortization 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.

l. Impairment of Non-financial Assets

The Group assesses at the end of each reporting year whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

I. Penurunan Nilai Aset Non-keuangan (lanjutan)

Kelompok Usaha mendasarkan perhitungan penurunan nilai pada rincian perhitungan anggaran atau prakiraan yang disusun secara terpisah untuk masing-masing UPK Kelompok Usaha atas aset individual yang dialokasikan. Perhitungan anggaran dan prakiraan ini secara umum mencakup periode selama sepuluh tahun. Untuk periode yang lebih panjang, tingkat pertumbuhan jangka panjang dihitung dan diterapkan pada proyeksi arus kas setelah tahun kesepuluh.

Dalam menghitung nilai pakai, estimasi arus kas masa depan neto didiskontokan ke nilai kini dengan menggunakan tingkat diskonto sebelum pajak yang menggambarkan penilaian pasar kini dari nilai waktu uang dan risiko spesifik atas aset. Dalam menentukan nilai wajar dikurangi biaya untuk menjual, digunakan harga penawaran pasar terakhir, jika tersedia. Jika tidak terdapat transaksi tersebut, Kelompok Usaha menggunakan model penilaian yang sesuai untuk menentukan nilai wajar aset. Perhitungan-perhitungan ini dikuatkan oleh penilaian berganda atau indikator nilai wajar yang tersedia.

Kerugian penurunan nilai dari operasi yang berkelanjutan, jika ada, diakui sebagai laba atau rugi sesuai dengan kategori biaya yang konsisten dengan fungsi dari aset yang diturunkan nilainya.

Untuk aset selain *goodwill*, penilaian dilakukan pada akhir setiap tanggal pelaporan apakah terdapat indikasi bahwa rugi penurunan nilai yang telah diakui dalam tahun sebelumnya mungkin tidak ada lagi atau mungkin telah menurun. Jika indikasi dimaksud ditemukan, maka entitas mengestimasi jumlah terpulihkan aset atau UPK tersebut. Kerugian penurunan nilai yang telah diakui dalam tahun sebelumnya untuk aset selain *goodwill* dibalik hanya jika terdapat perubahan asumsi-asumsi yang digunakan untuk menentukan jumlah terpulihkan aset tersebut sejak rugi penurunan nilai terakhir diakui. Dalam hal ini, jumlah tercatat aset dinaikkan ke jumlah terpulihkannya. Pembalikan tersebut dibatasi sehingga jumlah tercatat aset tidak melebihi jumlah terpulihkannya maupun jumlah tercatat, neto setelah penyusutan, seandainya tidak ada rugi penurunan nilai yang telah diakui untuk aset tersebut pada tahun sebelumnya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Impairment of Non-financial Assets (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of ten years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the tenth year.

In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in the profit or loss in those expense categories consistent with the functions of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the asset's or CGU's recoverable amount is estimated. A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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l. Penurunan Nilai Aset Non-keuangan (lanjutan)

Pembalikan rugi penurunan nilai diakui sebagai laba atau rugi. Setelah pembalikan tersebut, penyusutan aset tersebut disesuaikan di periode mendatang untuk mengalokasikan jumlah tercatat aset yang direvisi, dikurangi nilai sisanya, dengan dasar yang sistematis selama sisa umur manfaatnya.

Goodwill diuji untuk penurunan nilai setiap tahun dan ketika terdapat indikasi bahwa nilai tercatatnya mungkin mengalami penurunan nilai. Penurunan nilai bagi *goodwill* ditetapkan dengan menentukan jumlah tercatat tiap UPK (atau kelompok UPK) terkait dari *goodwill* tersebut. Jika jumlah terpulihkan UPK kurang dari jumlah tercatatnya, rugi penurunan nilai diakui. Rugi penurunan nilai terkait *goodwill* tidak dapat dibalik pada tahun berikutnya.

m. Aset tak Berwujud

Biaya pengurusan perpanjangan atau pembaruan legal hak atas tanah diakui sebagai aset tak berwujud dan diamortisasi sepanjang umur hak hukum atau umur ekonomik tanah, mana yang lebih pendek.

n. Pinjaman yang Diperoleh Pemerintah dari Pemberi Pinjaman (Penerusan Pinjaman)

Pengakuan penerusan pinjaman dilakukan berdasarkan otorisasi penarikan atau dokumen lainnya yang sejenis, yang diterbitkan oleh pemberi pinjaman. Pinjaman terutang dalam mata uang pinjaman yang diberikan atau nilai setara Rupiah apabila dana ditarik dalam mata uang Rupiah.

o. Kapitalisasi Biaya Pinjaman

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 Kelompok Usaha sehubungan dengan peminjaman dana.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Impairment of Non-financial Assets (continued)

Reversal of an impairment loss is recognized in the profit or loss. After such a reversal, the depreciation charge on the said asset 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.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future years.

m. Intangible Assets

The legal cost incurred to extend or renewed the land rights are recorded as intangible assets and amortized over the shorter of the rights' legal life or land's economic life.

n. Loans Obtained by the Government from Lenders (Two-step Loans)

The recognition of two-step loans is based on the withdrawal authorization or other similar documents issued by the lenders. The loans are payable in their original currencies or Rupiah equivalent if drawn in Rupiah.

o. Capitalization of Borrowing Costs

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 recognized as expenses when incurred. Borrowing costs consist of interests and other financing charges that the Group incurs in connection with the borrowing of funds.

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o. Kapitalisasi Biaya Pinjaman (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 (Catatan 2.i).

p. Biaya Penerbitan Emisi Efek Ekuitas

Biaya emisi efek ekuitas disajikan sebagai pengurang "Modal Disetor Lainnya" sebagai bagian dari ekuitas pada laporan posisi keuangan konsolidasian.

q. Pengakuan Pendapatan dan Beban

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 jasa transmisi gas bumi diterima di muka disajikan sebagai bagian dari "Utang Lain-lain" pada laporan posisi keuangan konsolidasian dan diakui sebagai pendapatan pada saat gas telah dikirim kepada pelanggan.

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.

Pendapatan yang diperoleh dari PSC diakui atas dasar hak neto sesuai dengan persyaratan PSC. Selisih Antara *lifting* actual 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).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Capitalization of Borrowing Costs (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 (Note 2.i).

p. Stock Issuance Costs

Stock issuance costs are presented as deduction from "Other Paid-in Capital" in the equity section in the consolidated statements of financial position.

q. Revenue and Expense Recognition

Revenues from gas distribution and toll fees from gas transmission are recognized when the gas is distributed or transmitted to the customers based on the gas meter readings. Toll fees from gas transmission received in advance are presented as part of "Other Payables" in the consolidated statements of financial position and recognized as revenue when the gas is transmitted to the customers.

Crude oil and natural gas sales revenue is recognized 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.

Revenue earned under a PSC is recognized 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 or 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).

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q. Pengakuan Pendapatan dan Beban (lanjutan)

Pendapatan dari jasa lainnya diakui pada saat jasa diserahkan atau secara signifikan diberikan dan manfaat jasa tersebut telah dinikmati oleh pelanggan.

Pendapatan/Beban Keuangan

Untuk semua instrumen keuangan yang diukur pada biaya perolehan diamortisasi dan aset keuangan kategori tersedia dijual yang memperoleh bunga, pendapatan atau biaya bunga dicatat dengan menggunakan metode Suku Bunga Efektif ("SBE"), yaitu suku bunga yang secara tepat mendiskontokan estimasi pembayaran atau penerimaan kas di masa yang akan datang selama perkiraan umur dari instrumen keuangan, atau jika lebih tepat, selama tahun yang lebih singkat, untuk nilai tercatat neto dari aset keuangan atau liabilitas keuangan.

Pengakuan Beban

Beban diakui pada saat terjadinya dengan menggunakan metode akrual.

r. Provisi

Provisi diakui jika Kelompok Usaha memiliki kewajiban kini (baik bersifat hukum maupun bersifat konstruktif) yang akibat peristiwa masa lalu, besar kemungkinannya penyelesaian kewajiban tersebut mengakibatkan arus keluar sumber daya yang mengandung manfaat ekonomi dan estimasi yang andal mengenai jumlah kewajiban tersebut dapat dibuat.

Provisi ditelaah pada setiap tanggal pelaporan dan disesuaikan untuk mencerminkan estimasi terbaik yang paling kini. Jika arus keluar sumber daya untuk menyelesaikan kewajiban kemungkinan besar tidak terjadi, maka provisi dibatalkan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Revenue and Expense Recognition (continued)

Revenues from other services are recognized when the services are rendered or significantly provided and the benefits have been received by the customers.

Finance Income/Cost

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the Effective Interest Rate ("EIR"), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter year, where appropriate, to the net carrying amount of the financial asset or liability.

Expense Recognition

Expenses are recognized as incurred on an accrual basis.

r. Provisions

Provisions are recognized when the Group has a present obligation (legal and constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

s. Imbalan Kerja

Kelompok Usaha menerapkan PSAK No. 24 (Revisi 2010), "Imbalan Kerja", yang memperbolehkan entitas untuk menerapkan metode sistematis atas pengakuan yang lebih cepat dari keuntungan/kerugian aktuarial yang timbul dari imbalan pasti, antara lain pengakuan langsung keuntungan/kerugian yang terjadi pada tahun berjalan ke dalam pendapatan komprehensif lain. Kelompok Usaha memilih metode ini dalam pengakuan keuntungan/kerugian aktuarial, karenanya penerapan awal PSAK No. 24 (Revisi 2010) ini berdampak signifikan terhadap laporan keuangan Kelompok Usaha.

Pada saat penerapan awal, sesuai dengan ketentuan transisi PSAK No. 24 (Revisi 2010), saldo keuntungan/kerugian aktuarial yang belum diakui pada tanggal 1 Januari 2012 sebesar US\$47.197.934 diakui dalam pendapatan komprehensif lain dalam laporan posisi keuangan konsolidasian tanggal 1 Januari 2012.

Perusahaan memberikan imbalan pasca kerja sesuai dengan Perjanjian Kerja Bersama yang dibandingkan dengan imbalan berdasarkan dan Undang-Undang Ketenagakerjaan No. 13/2003 (UU No. 13/2003), mana yang lebih tinggi. Perusahaan juga memberikan imbalan jangka panjang lainnya.

Berdasarkan PSAK No. 24 (Revisi 2010), beban imbalan pasca kerja manfaat pasti ditentukan dengan metode penilaian aktuaris *Projected Unit Credit* dan keuntungan dan kerugian aktuarial diakui pada tahun dimana keuntungan dan kerugian terjadi dalam pendapatan komprehensif lain.

Biaya jasa lalu atas pengenalan program manfaat pasti atau perubahan utang imbalan dari program yang ada diamortisasi sepanjang tahun sampai imbalan tersebut menjadi hak atau *vested*.

Beban imbalan jangka panjang lainnya ditentukan dengan metode penilaian aktuaris *Projected Unit Credit* di mana keuntungan dan kerugian aktuarial dan biaya jasa lalu langsung diakui dalam tahun berjalan.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

s. Employee Benefits

The Group adopted PSAK No. 24 (Revised 2010), "Employee Benefits", permits an entity to adopt any systematic method that results in faster recognition of actuarial gains and losses, which among others is immediate recognition of actuarial gains and losses in the year in which they occur recognized in other comprehensive income. The Group decided to apply this method in recognizing the actuarial gains and losses and therefore, the initial adoption of PSAK No. 24 (Revised 2010) has significant impact on the Group's consolidated financial statements.

On initial adoption, in accordance with transitional provision of PSAK No. 24 (Revised 2010), the balance of unrecognized actuarial gains/losses amounting to US\$47,197,934 was recognized in other components of equity in the consolidated statement of financial position as of January 1, 2012.

The Company provides post-employment benefits in accordance with the Collective Labor Agreement which was compared with benefits under Labor Law No. 13/2003 (Law No. 13/2003), whichever is higher. The Company also provides other long-term employees' benefits.

Under PSAK No. 24 (Revised 2010), the cost of providing defined benefit post-retirement employee benefits is determined using the *Projected Unit Credit* actuarial valuation method and the actuarial gains and losses is recognized in the year in which they occur in other comprehensive income.

Past service costs arising from the introduction of a defined benefit plan or changes in the benefits payable of an existing plan are required to be amortized over the year until the benefits concerned become rights or vested.

The cost of providing other long-term employee benefits is determined using the *Projected Unit Credit* actuarial valuation method wherein actuarial gains and losses and past service costs are recognized immediately in the current year.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

s. Imbalan Kerja (lanjutan)

Perusahaan

Untuk program iuran pasti, kontribusi yang terutang diakui sebagai beban pada tahun berjalan.

Perusahaan mempunyai program asuransi pensiun untuk seluruh karyawan tetap yang memenuhi syarat, dengan PT Asuransi Jiwasraya (Persero) (AJ). Pembayaran premi awal sekaligus dan premi periodik ditentukan berdasarkan perhitungan secara periodik yang disetujui oleh Perusahaan dan AJ. Iuran dari karyawan adalah sebesar 2% dari gaji pokoknya ditambah sejumlah tunjangan tertentu. Selisih antara premi pertanggung dengan kontribusi karyawan ditanggung oleh Perusahaan.

Perusahaan 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.

Sejak Februari 2009, Perusahaan menyelenggarakan program iuran pasti untuk semua karyawan tetap yang memenuhi syarat.

Entitas Anak

Transgasindo

Transgasindo memberikan imbalan pasca kerja sesuai dengan Perjanjian Kerja Bersama yang dibandingkan dengan imbalan berdasarkan Undang-Undang Ketenagakerjaan No. 13 Tahun 2003 (UU No.13/2003), mana yang lebih tinggi.

Mulai tahun 2009, Transgasindo menyelenggarakan program pensiun iuran pasti untuk semua karyawan tetap yang memenuhi syarat, yang didanai melalui iuran tetap bulanan kepada Dana Pensiun Lembaga Keuangan (DPLK) Bank Rakyat Indonesia dan Bank Negara Indonesia, yang didirikan berdasarkan persetujuan dari Menteri Keuangan Republik Indonesia masing-masing dalam Surat Keputusannya No. KEP.197/KM.6/2004 dan No. KEP.1100/KM.17/1998.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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s. Employee Benefits (continued)

The Company

For defined contribution pension plan, contribution payables are charged to current year operations.

The Company has a retirement insurance plan covering all of its qualified permanent employees, with PT Asuransi Jiwasraya (Persero) (AJ). One-time initial retirement premium and periodic premium payments are based on periodic calculations agreed between the Company and AJ. The employees contribute 2% of their basic salaries plus certain allowances. The remaining balance of the premium is borne by the Company.

The Company 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.

Since February 2009, the Company has a defined contribution plan for all of its eligible permanent employees.

Subsidiaries

Transgasindo

Transgasindo provides post-retirement benefits under Collective Labor Agreement Regulation which was compared with benefits under Labor Law No. 13 Year 2003 (Law No.13/2003), whichever is higher.

Starting 2009, Transgasindo has defined contribution pension plan for all of its eligible permanent employees, which is funded through monthly fixed contributions to Dana Pensiun Lembaga Keuangan (DPLK) Bank Rakyat Indonesia and Bank Negara Indonesia, the establishment of which were approved by the Ministry of Finance of the Republic of Indonesia in its Decision Letter No. KEP.197/KM.6/2004 and No. KEP.1100/KM.17/1998, respectively.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

s. Imbalan Kerja (lanjutan)

Entitas Anak (lanjutan)

Transgasindo (lanjutan)

Sumber dana program pensiun berasal dari kontribusi karyawan dan Transgasindo masing-masing sebesar 2% dan 6% dari gaji bulanan karyawan.

Mulai Maret 2011, Transgasindo memberikan imbalan jangka panjang lainnya.

PGASKOM, PGASSOL, SEI DAN GEI

PGASKOM, PGASSOL dan GEI memberikan imbalan pasca kerja yang tidak didanai kepada karyawannya sesuai dengan Undang-undang Ketenagakerjaan No. 13 Tahun 2003 tanggal 25 Maret 2003 (UU No. 13/2003).

t. Liabilitas Pembongkaran Aset dan Restorasi Area

Kelompok Usaha 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 kontrak bagi hasil 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/didepresiasi dengan menggunakan metode satuan unit produksi yang sejalan dengan tarif deplesi aset yang dipilih.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Employee Benefits (continued)

Subsidiaries (continued)

Transgasindo (continued)

This fund is contributed by both employees and Transgasindo with contribution of 2% and 6% of the employees' monthly salaries, respectively.

Starting March 2011, the Transgasindo also provides for other long-term employees' benefits.

PGASKOM, PGASSOL, SEI AND GEI

PGASKOM, PGASSOL and GEI provide an unfunded employee benefits to its employees in accordance with Labor Law No. 13 Year 2003 dated March 25, 2003 (LL No. 13/2003).

t. Asset Abandonment and Site Restoration Obligation

The Group recognizes 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 or in line with applicable regulations.

The initial estimated costs for dismantlement and site restoration of oil and gas properties are recognized 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.

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.

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t. Liabilitas Pembongkaran Aset dan Restorasi Aset (lanjutan)

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 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 pendanaan.

u. Transaksi dan Saldo dalam Mata Uang Asing

Masing-masing Entitas dalam Kelompok Usaha mempertimbangkan indikator utama dan indikator lainnya dalam menentukan mata uang fungsionalnya. Perusahaan menentukan mata uang fungsionalnya dan mata uang Kelompok Usaha adalah Dolar AS dan memutuskan mata uang penyajian laporan keuangan konsolidasian menggunakan Dolar AS.

Transaksi dalam mata uang asing dicatat dalam mata uang fungsional berdasarkan nilai tukar yang berlaku pada saat transaksi dilakukan. Pada tanggal pelaporan aset dan liabilitas moneter dalam mata uang asing dijabarkan sesuai dengan rata-rata kurs jual dan beli yang diterbitkan oleh Bank Indonesia pada tanggal transaksi perbankan terakhir untuk tahun yang bersangkutan dan laba atau rugi kurs yang timbul dikreditkan atau dibebankan pada operasi tahun yang bersangkutan, kecuali untuk selisih kurs yang dapat diatribusikan ke aset tertentu dikapitalisasi ke aset dalam pembangunan dan pemasangan.

Nilai tukar yang digunakan adalah sebagai berikut:

	2013	2012	2011
1 Dolar Amerika (US\$)/Rupiah	12.189,00	9.670,00	9.068,00
1 Dolar Amerika (US\$)/SG\$	1,27	1,22	1,30
1 Dolar Amerika (US\$)/JPY	104,92	86,36	77,63

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Asset Abandonment and Site Restoration Obligation (continued)

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 annual basis and adjusted each 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 recognized as a finance cost.

u. 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.

Transactions involving foreign currencies are recorded in the functional currency at the rates of exchange prevailing at the time the transactions are made. At the reporting date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the average of the selling and buying rates of exchange prevailing of the last banking transaction date of the year, as published by Bank Indonesia and any resulting gains or losses are credited or charged to current year 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:

US Dollar 1 (US\$)/Rupiah
US Dollar 1 (US\$)/SG\$
US Dollar 1 (US\$)/JPY

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

v. Pajak Penghasilan

Perusahaan mengajukan perubahan mata uang pembukuan untuk perpajakan menjadi Dolar AS. Perubahan ini disetujui oleh Kementerian Keuangan Republik Indonesia - Direktorat Jenderal Pajak dalam Surat Keputusan No. KEP-278/WPJ.19/2012 tanggal 20 Maret 2012. Transgasindo juga memperoleh persetujuan Kementerian Keuangan Republik Indonesia - Direktorat Jenderal Pajak untuk menyelenggarakan pembukuan dalam Dolar AS untuk tujuan perpajakan berdasarkan Surat Keputusan No. KEP-401/PJ.42/2002 tanggal 16 September 2002.

Pajak kini

Aset dan liabilitas pajak kini untuk tahun berjalan dan lalu diukur sebesar jumlah yang diharapkan dapat direstitusi dari atau dibayarkan kepada otoritas perpajakan. Tarif pajak dan peraturan pajak yang digunakan untuk menghitung jumlah tersebut adalah yang telah berlaku atau secara substantif telah berlaku pada tanggal pelaporan.

Penghasilan kena pajak berbeda dengan laba yang dilaporkan dalam laba atau rugi karena penghasilan kena pajak tidak termasuk bagian dari pendapatan atau beban yang dikenakan pajak atau dikurangkan di tahun-tahun yang berbeda, dan juga tidak termasuk bagian-bagian yang tidak dikenakan pajak atau tidak dapat dikurangkan.

Koreksi terhadap liabilitas perpajakan dicatat saat surat ketetapan pajak diterima atau apabila dilakukan banding, ketika hasil banding sudah diputuskan.

Kekurangan/kelebihan pembayaran pajak penghasilan disajikan sebagai bagian dari "Beban Pajak Kini" dalam laporan laba rugi komprehensif konsolidasian. Kelompok Usaha juga menyajikan bunga/denda, jika ada, sebagai bagian dari "Beban Pajak Kini".

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

v. Income Tax

The Company applied for change in bookkeeping currency to US Dollar. The change was approved by 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. Transgasindo also obtained approval from the Ministry of Finance of the Republic of Indonesia - Directorate General of Taxation to use US Dollar as its bookkeeping for tax purposes based on Decision Letter No. KEP-401/PJ.42/2002 dated September 16, 2002.

Current tax

Current income tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as the reporting dates.

Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Amendments to taxation obligations are recorded when an assessment is received or if appealed against, when the results of the appeal are determined.

The underpayment/overpayment of income tax is presented as part of "Tax Expense - Current" in the consolidated statement of comprehensive income. The Group also presented interest/penalty, if any, as part of "Tax Expenses - Current".

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

v. Pajak Penghasilan (lanjutan)

Pajak tangguhan

Pajak tangguhan diakui dengan menggunakan metode liabilitas atas perbedaan temporer pada tanggal pelaporan antara dasar pengenaan pajak aset dan liabilitas dan jumlah tercatatnya untuk tujuan pelaporan keuangan pada tanggal pelaporan.

Liabilitas pajak tangguhan diakui untuk semua perbedaan temporer yang kena pajak dan aset pajak tangguhan diakui untuk perbedaan temporer yang boleh dikurangkan dan rugi fiskal yang belum terpakai, sepanjang besar kemungkinan besar laba kena pajak akan tersedia sehingga perbedaan temporer yang boleh dikurangkan dan rugi fiskal yang belum terpakai tersebut dapat dimanfaatkan.

Aset pajak tangguhan diakui untuk seluruh perbedaan temporer yang boleh dikurangkan dan akumulasi rugi pajak yang belum dikompensasikan, bila kemungkinan besar laba kena pajak akan tersedia sehingga perbedaan temporer dapat dikurangkan tersebut dan rugi pajak belum dikompensasikan tersebut dapat dimanfaatkan.

Liabilitas pajak tangguhan dan aset pajak tangguhan (jika memenuhi kriteria) diakui atas perbedaan temporer kena pajak terkait dengan investasi pada entitas anak dan asosiasi, kecuali yang waktu pembalikannya dapat dikendalikan dan kemungkinan besar perbedaan temporer tersebut tidak akan dibalik di masa depan yang dapat diperkirakan.

Jumlah tercatat aset pajak tangguhan ditelaah pada setiap tanggal pelaporan dan nilai tercatat aset pajak tangguhan tersebut diturunkan apabila laba fiskal mungkin tidak memadai untuk mengkompensasi sebagian atau semua manfaat aset pajak tangguhan. Aset pajak tangguhan yang belum diakui sebelumnya ditelaah pada setiap tanggal pelaporan dan diakui sepanjang laba kena pajak yang akan datang kemungkinan besar akan tersedia untuk dipulihkan.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

v. Income Tax (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable income will be available in future years against which the deductible temporary differences and unused tax losses can be utilized.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized.

Deferred tax liabilities and assets (provided fulfilling recognition criteria) are recognized in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the benefit of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Pajak Penghasilan (lanjutan)

v. Income Tax (continued)

Pajak tangguhan (lanjutan)

Deferred tax (continued)

Aset dan liabilitas pajak tangguhan diukur berdasarkan tarif pajak yang diharapkan akan dipakai pada tahun saat aset direalisasikan atau liabilitas diselesaikan berdasarkan tarif pajak dan peraturan perpajakan yang berlaku atau yang telah secara substantif berlaku pada tanggal pelaporan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Perubahan nilai tercatat aset dan liabilitas pajak tangguhan yang disebabkan perubahan tarif pajak dibebankan pada tahun berjalan, kecuali untuk transaksi-transaksi yang sebelumnya telah langsung dibebankan atau dikreditkan ke ekuitas.

Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current year operations, except to the extent that they relate to items previously charged or credited to equity.

Pajak tangguhan sehubungan dengan bagian yang diakui di luar laba atau rugi diakui di luar laba atau rugi. Pajak tangguhan tersebut diakui berkaitan dengan transaksi baik yang ada di pendapatan komprehensif lainnya atau langsung dibebankan ke ekuitas.

Deferred tax relating to items recognized outside of profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Aset pajak tangguhan dan liabilitas pajak tangguhan disaling-hapuskan jika terdapat hak secara hukum untuk melakukan saling hapus atas aset pajak ini terhadap liabilitas pajak kini atau aset dan liabilitas pajak tangguhan pada entitas yang sama, atau kelompok usaha yang bermaksud untuk menyelesaikan aset dan liabilitas lancar berdasarkan jumlah neto.

Deferred tax assets and deferred tax liabilities are offset when a legally enforceable right exists to offset current tax assets against current tax liabilities, or the deferred tax assets and deferred tax liabilities relate to the same taxable entity, or the group intends to settle its current assets and liabilities on a net basis.

Entitas Anak yang terlibat dalam kegiatan eksplorasi dan produksi minyak dan gas bumi di Indonesia dikenai tarif pajak penghasilan badan sebesar antara 44%.

The Subsidiary involved in oil and gas exploration and production in Indonesia are subject to income tax at rates 44%.

w. Ventura Bersama

w. Joint Venture

Kelompok Usaha memiliki kepemilikan dalam ventura bersama yaitu entitas yang dikendalikan secara bersama-sama, dimana pihak-pihak dalam ventura memiliki perjanjian kontraktual (*contractual arrangement*) yang membentuk pengendalian bersama atas aktivitas ekonomi entitas tersebut. Perjanjian tersebut membutuhkan suatu kesepakatan diantara venturer mengenai keputusan keuangan dan operasional.

The Group has an interest in a joint venture, which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the venturers.

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w. Ventura Bersama (lanjutan)

Kelompok Usaha mengakui bagian kepemilikan dalam ventura bersama menggunakan metode konsolidasi proporsional (*proportionate consolidation*). Kelompok Usaha menggabungkan bagiannya atas setiap aset, liabilitas, pendapatan dan beban dari ventura bersama dengan unsur yang sama, satu demi satu dalam laporan keuangan konsolidasinya. Laporan keuangan ventura bersama disiapkan dalam periode pelaporan yang sama dengan Kelompok Usaha. Penyesuaian dilakukan ketika diperlukan untuk membuat kebijakan akuntansi sejalan dengan kebijakan akuntansi Kelompok Usaha.

Penyesuaian dilakukan dalam laporan keuangan konsolidasian Kelompok Usaha untuk mengeliminasi bagian saldo transaksi antar Kelompok Usaha, transaksi dan keuntungan dan kerugian yang belum direalisasi dari transaksi antar Kelompok Usaha dan ventura bersama tersebut. Kerugian dari transaksi akan segera dicatat jika kerugian tersebut memberikan bukti pengurangan dari nilai realisasi neto dari aset lancar atau kerugian penurunan nilai. Ventura bersama dikonsolidasi proporsional sampai tanggal dimana Kelompok Usaha berhenti memiliki pengendalian atas ventura bersama.

Ketika Kelompok Usaha kehilangan pengendalian bersama, Kelompok Usaha mengakui dan mencatat investasi yang tersisa pada nilai wajar. Perbedaan antara nilai tercatat dari entitas pengendalian bersama dahulu saat kehilangan pengendalian bersama dan nilai wajar investasi yang tersisa dan pendapatan dari pelepasan dicatat dalam laba atau rugi. Ketika investasi tersisa menunjukkan pengaruh yang signifikan, maka investasi akan dicatat sebagai investasi pada asosiasi.

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w. Joint Venture (continued)

The Group recognizes its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate share of each the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share in intra group balances transactions and unrealized gains and losses on such transactions between the Group and its joint venture. Losses on transactions are recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Upon loss of joint control, the Group, measures and recognizes its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognized in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in associates.

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x. Informasi Segmen

Untuk tujuan manajemen, Kelompok Usaha dibagi menjadi empat segmen operasi berdasarkan produk dan jasa yang dikelola secara independen oleh masing-masing pengelola segmen yang bertanggung jawab atas kinerja dari masing-masing segmen. Para pengelola segmen melaporkan secara langsung kepada manajemen yang secara teratur mengkaji hasil operasi sebagai dasar untuk mengalokasikan sumber daya ke masing-masing segmen dan untuk menilai kinerja segmen. Pengungkapan tambahan pada masing-masing segmen terdapat dalam Catatan 44, termasuk faktor yang digunakan untuk mengidentifikasi segmen yang dilaporkan dan dasar pengukuran informasi segmen.

y. Laba per Saham Dasar

Laba per saham dasar dihitung dengan membagi total laba tahun berjalan yang dapat diatribusikan kepada pemilik entitas induk dengan jumlah rata-rata tertimbang saham biasa yang beredar pada tahun yang bersangkutan.

Perusahaan tidak mempunyai efek berpotensi saham biasa yang bersifat dilutif pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011, dan oleh karenanya, laba per saham dilusian tidak dihitung dan disajikan pada laporan laba rugi komprehensif konsolidasian.

z. Instrumen Keuangan Derivatif

Perusahaan melakukan transaksi derivatif untuk tujuan mengelola risiko perubahan nilai tukar mata uang asing yang berasal dari pinjaman jangka panjang Perusahaan dalam mata uang asing.

Perusahaan menerapkan PSAK No. 55 (Revisi 2011), "Instrumen Keuangan: Pengakuan dan Pengukuran" yang mengatur standar akuntansi dan pelaporan untuk transaksi derivatif dan aktivitas lindung nilai, yang mengharuskan setiap instrumen derivatif (termasuk instrumen derivatif melekat) diakui sebagai aset atau liabilitas berdasarkan nilai wajar setiap kontrak. Nilai wajar merupakan perhitungan nilai kini (present value) dengan menggunakan data dan asumsi yang berlaku umum.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Segment Information

For management purposes, the Group is organized into four operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 44, including the factors used to identify the reportable segments and the measurement basis of segment information.

y. Basic Earnings per Share

Basic earnings per share amounts are computed by dividing the total profit for the year attributable to owners of the parent entity by the weighted average number of ordinary shares outstanding during the year.

The Company has no outstanding dilutive potential ordinary shares as of December 31, 2013, 2012 and 2011, and accordingly, no diluted earnings per share is calculated and presented in the consolidated statements of comprehensive income.

z. Derivative Financial Instruments

The Company enters into and engages in derivative for the purpose of managing its foreign exchange exposures emanating from the Company's long-term loans in foreign currencies.

The Company applied PSAK No. 55 (Revised 2011), "Financial Instruments: Recognition and Measurement" sets forth the accounting and reporting standards for derivative transactions and hedging activities, which require that every derivative instrument (including embedded derivatives) be recognized as either asset or liability based on the fair value of each contract. Fair value is a computation of present value by using data and assumption which are commonly used.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

z. Instrumen Keuangan Derivatif (lanjutan)

Berdasarkan kriteria khusus untuk akuntansi lindung nilai pada PSAK No. 55 (Revisi 2011), semua instrumen derivatif yang ada pada Perusahaan tidak memenuhi persyaratan tersebut dan oleh karena itu tidak dikategorikan sebagai lindung nilai yang efektif untuk tujuan akuntansi. Perubahan atas nilai wajar instrumen derivatif dibebankan atau dikreditkan pada usaha tahun berjalan.

Perubahan neto nilai wajar instrumen derivatif dan laba (rugi) dari penyelesaian kontrak derivatif dibebankan atau dikreditkan pada akun "Laba (Rugi) Perubahan Nilai Wajar Derivatif - Neto", dalam laporan laba rugi komprehensif konsolidasian.

aa. Standar Akuntansi yang Telah Diterbitkan Namun Belum Berlaku Efektif

Berikut ini adalah beberapa standar akuntansi yang telah diterbitkan oleh Dewan Standar Akuntansi Keuangan (DSAK) yang dipandang relevan terhadap pelaporan keuangan Kelompok Usaha namun belum berlaku efektif untuk laporan keuangan tahun 2013:

- PSAK No. 1 (2013): Penyajian Laporan Keuangan, yang diadopsi dari IAS 1, berlaku efektif 1 Januari 2015.

PSAK ini mengubah penyajian kelompok pos-pos dalam Penghasilan Komprehensif Lain. Pos-pos yang akan direklasifikasi ke laba rugi disajikan terpisah dari pos-pos yang tidak akan direklasifikasi ke laba rugi.

- PSAK No. 4 (2013): Laporan Keuangan Tersendiri, yang diadopsi dari IAS 4, berlaku efektif 1 Januari 2015.

PSAK ini hanya mengatur persyaratan akuntansi ketika entitas induk menyajikan laporan keuangan tersendiri sebagai informasi tambahan. Pengaturan akuntansi untuk laporan keuangan konsolidasian diatur dalam PSAK 65.

- PSAK No. 15 (2013): Investasi pada Entitas Asosiasi dan Ventura Bersama, yang diadopsi dari IAS 28, berlaku efektif 1 Januari 2015.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Derivative Financial Instruments (continued)

Based on the specific requirements for hedge accounting under PSAK No. 55 (Revised 2011), the Company's derivative instrument does not qualify and are not designated as hedge activity for accounting purposes. The changes in fair value of such derivative instrument is charged or credited to current year operations.

The net changes in fair value of derivative instrument and gain (loss) from the settlement of derivative contract is charged or credited to "Gain (Loss) on Change in Fair Value of Derivative - Net" account in the consolidated statements of comprehensive income.

aa. Accounting Standards that Have Been Published But Not Yet Effective

The following are several published accounting standards by the Indonesian Financial Accounting Standards Board (DSAK) that are considered relevant to the financial reporting of the Group but not yet effective for 2013 financial statements:

- PSAK No. 1 (2013): Presentation of Financial Statements, adopted from IAS 1, effective January 1, 2015.

This PSAK changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified to profit or loss would be presented separately from items that will never be reclassified.

- PSAK No. 4 (2013): Separate Financial Statements, adopted from IAS 4, effective January 1, 2015.

This PSAK prescribes only the accounting requirements when a parent entity prepares separate financial statements as additional information. Accounting for consolidated financial statements is determined in PSAK 65.

- PSAK No. 15 (2013): Investments in Associates and Joint Ventures, adopted from IAS 28, effective January 1, 2015.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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**aa. Standar Akuntansi yang Telah Diterbitkan
Namun Belum Berlaku Efektif (lanjutan)**

PSAK ini mengatur penerapan metode ekuitas pada investasi ventura bersama dan juga entitas asosiasi.

- PSAK No. 24 (2013): Imbalan Kerja, yang diadopsi dari IAS 19, berlaku efektif 1 Januari 2015.

PSAK ini, antara lain, menghapus mekanisme koridor dan pengungkapan atas informasi liabilitas kontinjensi untuk menyederhanakan klarifikasi dan pengungkapan.

- PSAK No. 65: Laporan Keuangan Konsolidasi, yang diadopsi dari IFRS 10, berlaku efektif 1 Januari 2015.

PSAK ini menggantikan porsi PSAK 4 (2009) yang mengenai pengaturan akuntansi untuk laporan keuangan konsolidasian, menetapkan prinsip penyusunan dan penyajian laporan keuangan konsolidasian ketika entitas mengendalikan satu atau lebih entitas lain.

- PSAK No. 66: Pengaturan bersama, yang diadopsi dari IFRS 11, berlaku efektif 1 Januari 2015.

PSAK ini menggantikan PSAK 12 (2009) dan ISAK 12. PSAK ini menghapus opsi metode konsolidasi proporsional untuk mencatat bagian ventura bersama.

- PSAK No. 67: Pengungkapan Kepentingan dalam Entitas Lain, yang diadopsi dari IFRS 12, berlaku efektif 1 Januari 2015.

PSAK ini mencakup semua pengungkapan yang diatur sebelumnya dalam PSAK 4 (2009), PSAK 12 (2009) dan PSAK 15 (2009). Pengungkapan ini terkait dengan kepentingan entitas dalam entitas-entitas lain.

- PSAK No. 68: Pengukuran Nilai Wajar, yang diadopsi dari IFRS 13, berlaku efektif 1 Januari 2015.

PSAK ini memberikan panduan tentang bagaimana pengukuran nilai wajar ketika nilai wajar disyaratkan atau diizinkan.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**aa. Accounting Standards that Have Been
Published But Not Yet Effective (continued)**

This PSAK describes the application of the equity method to investments in joint ventures in addition to associates.

- *PSAK No. 24 (2013): Employee Benefits, adopted from IAS 19, effective January 1, 2015.*

This PSAK, among other, removes the corridor mechanism and contingent liability disclosures to simple clarifications and disclosures.

- *PSAK No. 65: Consolidated Financial Statements, adopted from IFRS 10, effective January 1, 2015.*

This PSAK replaces the portion of PSAK 4 (2009) that addresses the accounting for consolidated financial statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

- *PSAK No. 66: Joint Arrangements, adopted from IFRS 11, effective January 1, 2015.*

This PSAK replaces PSAK 12 (2009) and ISAK 12. This PSAK removes the option to account for jointly controlled entities using proportionate consolidation.

- *PSAK No. 67: Disclosure of Interest in Other Entities, adopted from IFRS 12, effective January 1, 2015.*

This PSAK includes all of the disclosures that were previously in PSAK 4 (2009), PSAK 12 (2009) and PSAK 15 (2009). This disclosures relate to an entity's interests in other entities.

- *PSAK No. 68: Fair Value Measurement, adopted from IFRS 13, effective January 1, 2015.*

This PSAK provides guidance on how to measure fair value when fair value is required or permitted.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

aa. Standar Akuntansi yang Telah Diterbitkan Namun Belum Berlaku Efektif (lanjutan)

- ISAK No. 27: Pengalihan Aset dari Pelanggan, yang diadopsi dari IFRIC 18, berlaku efektif 1 Januari 2014.
- ISAK No. 28: Pengakhiran Liabilitas Keuangan dengan Instrumen Ekuitas, yang diadopsi dari IFRIC 19, berlaku efektif 1 Januari 2014.

Kelompok Usaha sedang mengevaluasi dampak dari standar akuntansi tersebut dan belum menentukan dampaknya terhadap laporan keuangan konsolidasiannya.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN

Penyusunan laporan keuangan konsolidasian Kelompok Usaha mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah yang dilaporkan dari pendapatan, beban, aset dan liabilitas, dan pengungkapan atas liabilitas kontijensi, pada akhir tahun pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat pada aset dan liabilitas dalam tahun pelaporan berikutnya.

Pertimbangan

Pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Kelompok Usaha yang memiliki pengaruh paling signifikan atas jumlah yang diakui dalam laporan keuangan konsolidasian:

Alokasi Biaya Perolehan dan Penurunan Nilai Goodwill

Akuntansi akuisisi mengharuskan penggunaan estimasi akuntansi secara ekstensif dalam mengalokasikan biaya perolehan kepada nilai pasar wajar yang dapat diandalkan atas aset dan liabilitas yang diakuisisi, termasuk aset tak berwujud. Sesuai PSAK No. 22 (Revisi 2010), "Kombinasi Bisnis", goodwill tidak diamortisasi dan tergantung pada untuk penurunan nilai setiap tahunnya. Nilai tercatat goodwill Kelompok Usaha pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 masing-masing sebesar US\$21.744.090, nihil dan nihil. Penjelasan lebih rinci diungkapkan dalam Catatan 16.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. Accounting Standards that Have Been Published But Not Yet Effective (continued)

- ISAK No. 27: Transfer of Assets from Customers, adopted from IFRIC 18, effective January 1, 2014.
- ISAK No. 28: Extinguishing Financial Liabilities with Equity Instruments, adopted from IFRIC 19, effective January 1, 2014.

The Group is presently evaluating and has not yet determined the effects of these accounting standards on its consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future years.

Judgments

The following judgments are made by management in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements:

Purchase Price Allocation and Goodwill Impairment

Acquisition accounting requires extensive use of accounting estimates to allocate the purchase price to the reliable fair market values of the assets and liabilities purchased, including intangible assets. Under PSAK No. 22 (Revised 2010), "Business Combinations", goodwill is not amortized and is subject to an annual impairment testing. The carrying amount of the Group's goodwill as of December 31, 2013, 2012 and 2011 amounting to US\$21,744,090, nil and nil, respectively. Further details are disclosed in Note 16.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
AKUNTANSI SIGNIFIKAN (lanjutan)**

Pertimbangan (lanjutan)

Alokasi Biaya Perolehan dan Penurunan Nilai
Goodwill (lanjutan)

Pembuatan estimasi arus kas masa depan dalam menentukan nilai wajar properti minyak dan gas pada tanggal akuisisi melibatkan estimasi yang signifikan. Walaupun manajemen berkeyakinan bahwa asumsi yang digunakan adalah tepat dan masuk akal, perubahan signifikan pada asumsi tersebut dapat mempengaruhi secara material evaluasi atas nilai terpulihkan dan dapat menimbulkan penurunan nilai sesuai PSAK No. 48, "Penurunan Nilai Aset."

Goodwill diuji untuk penurunan nilai setiap tahunnya dan jika terdapat indikasi penurunan nilai. Manajemen menggunakan pertimbangan dalam mengestimasi jumlah terpulihkan dan menentukan adanya indikasi penurunan nilai. Estimasi atau nilai terpulihkan diuraikan pada bagian "Estimasi dan Asumsi" pada catatan ini.

Penentuan Mata Uang Fungsional

Mata uang fungsional adalah mata uang dari lingkungan ekonomi primer dimana Kelompok Usaha 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.

Klasifikasi Aset dan Liabilitas Keuangan

Kelompok Usaha menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan mempertimbangkan bila definisi yang ditetapkan PSAK No. 55 (Revisi 2011) dipenuhi. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Kelompok Usaha seperti diungkapkan pada Catatan 2.d.

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**3. SIGNIFICANT ACCOUNTING JUDGMENTS,
ESTIMATES AND ASSUMPTIONS (continued)**

Judgments (continued)

Purchase Price Allocation and Goodwill Impairment
(continued)

The preparation of estimated future cash flows in determining the fair values of oil and gas properties at the date of acquisition involves significant estimations. While the management believes that its assumptions are appropriate and reasonable, significant changes in its assumptions may materially affect its assessment of recoverable values and may lead to future impairment charges under PSAK No. 48, "Impairment of Assets."

Goodwill is subject to annual impairment test and whenever there is an indication that such asset may be impaired. Management uses its judgment in estimating the recoverable value and determining if there is any indication of impairment. Estimates on the recoverable amount are further described in "Estimates and Assumptions" section in this note.

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 rendering services and other indicators in determining the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Classification of Financial Assets and Liabilities

The Group determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2011). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies disclosed in Note 2.d.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
AKUNTANSI SIGNIFIKAN (lanjutan)**

Estimasi dan Asumsi

Asumsi utama masa depan dan sumber utama estimasi ketidakpastian lain pada tanggal pelaporan yang memiliki risiko signifikan bagi penyesuaian yang material terhadap nilai tercatat aset dan liabilitas untuk tahun berikutnya diungkapkan di bawah ini. Kelompok Usaha mendasarkan asumsi dan estimasi pada parameter yang tersedia pada saat laporan keuangan konsolidasian disusun. Asumsi dan situasi mengenai perkembangan masa depan mungkin berubah akibat perubahan pasar atau situasi di luar kendali Kelompok Usaha. Perubahan tersebut dicerminkan dalam asumsi terkait pada saat terjadinya.

Estimasi Masa Manfaat Aset Tetap

Kelompok Usaha 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 Kelompok Usaha 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.

Kelompok Usaha mengestimasi masa manfaat ekonomis aset tetap antara 4 sampai dengan 20 tahun. Ini adalah umur yang secara umum diharapkan dalam industri dimana Kelompok Usaha 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. Nilai tercatat neto atas aset tetap Kelompok Usaha pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 masing-masing sebesar US\$1.837.231.368, US\$1.693.706.757 dan US\$1.733.489.755. Penjelasan lebih rinci diungkapkan dalam Catatan 14.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS,
ESTIMATES AND ASSUMPTIONS (continued)**

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the controls of the Group. Such changes are reflected in the assumptions when they occur.

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. The net carrying amount of the Group's fixed assets as of December 31, 2013, 2012 and 2011 amounting US\$1,837,231,368, US\$1,693,706,757 and US\$1,733,489,755, respectively. Further details are disclosed in Note 14.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
AKUNTANSI SIGNIFIKAN (lanjutan)**

Estimasi dan Asumsi (lanjutan)

Biaya 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.

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 komprehensif 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.

Pensiun dan Imbalan Kerja

Biaya program pensiun manfaat pasti dan imbalan jangka panjang lainnya serta nilai kini kewajiban imbalan kerja ditentukan dengan menggunakan penilaian aktuarial. Penilaian aktuarial melibatkan penentuan berbagai asumsi, termasuk penentuan tingkat diskonto, tingkat kenaikan gaji masa depan, tingkat mortalitas, tingkat pengunduran diri karyawan, tingkat kecacatan dan tingkat hasil yang diharapkan dari aset program. Karena kerumitan penilaian, asumsi yang mendasari dan sifat jangka panjangnya, kewajiban manfaat pasti sangat sensitif terhadap perubahan asumsi-asumsi tersebut. Seluruh asumsi ditelaah setiap akhir tahun pelaporan.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS,
ESTIMATES AND ASSUMPTIONS (continued)**

Estimates and Assumptions (continued)

Exploration and evaluation expenditures

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized 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.

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 statements of 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 capitalized exploration and evaluation expenditure.

Pension and Employees' Benefits

The cost of defined benefit pension plans and other long-term employees' benefits and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which includes the determination of the discount rate, future salary increases, mortality rates, employee turn-over rate, disability rate, and the expected rate of return on plan assets. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at financial year-end.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
AKUNTANSI SIGNIFIKAN (lanjutan)**

Estimasi dan Asumsi (lanjutan)

Pensiun dan Imbalan Kerja (lanjutan)

Dalam menentukan tingkat diskonto yang sesuai, manajemen memperhitungkan tingkat bunga (pada akhir tahun pelaporan) dari obligasi Pemerintah dalam Rupiah. Kelompok Usaha menggunakan tingkat diskonto tunggal untuk masing-masing entitas dalam Kelompok Usaha yang mencerminkan rata-rata perkiraan jadwal pembayaran imbalan dan mata uang yang digunakan dalam membayar imbalan. Tingkat mortalitas adalah berdasarkan tabel mortalita yang tersedia pada publikasi. Tingkat kenaikan gaji masa depan didasarkan pada rencana kerja jangka panjang Kelompok Usaha yang juga dipengaruhi oleh tingkat inflasi masa depan yang diharapkan dalam suatu negara.

Walaupun Kelompok Usaha berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai, perbedaan signifikan pada hasil aktual atau perubahan signifikan dalam asumsi yang ditetapkan Kelompok Usaha dapat mempengaruhi secara material liabilitas diestimasi atas pensiun dan imbalan kerja dan beban imbalan kerja neto. Nilai tercatat atas liabilitas diestimasi atas imbalan kerja Kelompok Usaha pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 masing-masing sebesar US\$100.124.151, US\$149.495.805 dan US\$68.585.122. Penjelasan lebih rinci mengenai asumsi-asumsi yang digunakan diungkapkan pada Catatan 33.e.

Instrumen Keuangan

Ketika nilai wajar dari aset keuangan dan liabilitas keuangan dicatat dalam laporan posisi keuangan konsolidasian tidak dapat diambil dari pasar yang aktif, maka nilai wajarnya ditentukan dengan menggunakan teknik penilaian termasuk *option pricing model*. Masukan untuk model tersebut dapat diambil dari pasar yang dapat diobservasi, tetapi apabila hal ini tidak dimungkinkan, sebuah tingkat pertimbangan disyaratkan dalam menetapkan nilai wajar. Pertimbangan tersebut mencakup penggunaan masukan seperti risiko likuiditas, risiko kredit dan volatilitas. Perubahan dalam asumsi mengenai faktor-faktor tersebut dapat mempengaruhi nilai wajar dari instrumen keuangan yang dilaporkan.

**3. SIGNIFICANT ACCOUNTING JUDGMENT,
ESTIMATES AND ASSUMPTION (continued)**

Estimates and Assumptions (continued)

Pension and Employees' Benefits (continued)

In determining the appropriate discount rate, management considers the market yields (at year end) on Indonesian Rupiah Government bonds. The Group uses a single discount rate for each entity within the Group that reflects the estimated average timing of benefit payments and the currency in which the benefits are to be paid. The mortality rate is based on publicly available mortality tables. Future salary increases is based on the Group long-term business plan which is also influenced by expected future inflation rates for the country.

While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experiences or significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employees' benefits and net employees' benefits expense. The carrying amount of the Group's estimated liabilities for employees' benefits as of December 31, 2013, 2012 and 2011 amounting to US\$100,124,151, US\$149,495,805, and US\$68,585,122, respectively. Further details about the assumptions used are disclosed in Note 33.e.

Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the option pricing model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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Estimasi dan Asumsi (lanjutan)

Instrumen Keuangan (lanjutan)

Nilai tercatat dari aset keuangan yang diukur pada nilai wajar dalam laporan posisi keuangan konsolidasian pada tanggal 31 Desember 2013, 2012 dan 2011 masing-masing sebesar US\$85.384.831, US\$108.286.034 dan US\$27.276.060, sedangkan nilai tercatat liabilitas keuangan yang diukur pada nilai wajar dalam laporan posisi keuangan konsolidasian pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 masing-masing sebesar US\$11.927.017, US\$87.115.630 dan US\$178.315.793 (Catatan 6 dan 31).

Cadangan Kerugian Penurunan Nilai atas Piutang Usaha

Kelompok Usaha mengevaluasi akun tertentu jika terdapat informasi bahwa pelanggan yang bersangkutan tidak dapat memenuhi kewajiban keuangannya. Dalam hal tersebut, Kelompok Usaha mempertimbangkan, berdasarkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas pada, jangka waktu hubungan dengan pelanggan dan status kredit dari pelanggan, untuk mencatat provisi yang spesifik atas jumlah piutang pelanggan guna mengurangi jumlah piutang yang diharapkan dapat diterima oleh Kelompok Usaha.

Provisi yang spesifik ini dievaluasi kembali dan disesuaikan jika tambahan informasi yang diterima mempengaruhi jumlah cadangan kerugian penurunan nilai atas piutang usaha. Nilai tercatat dari piutang usaha Kelompok Usaha sebelum penyisihan kerugian penurunan nilai pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 masing-masing sebesar US\$292.118.936, US\$272.334.558 dan US\$231.842.487. Penjelasan lebih lanjut diungkapkan dalam Catatan 7.

**3. SIGNIFICANT ACCOUNTING JUDGMENT,
ESTIMATES AND ASSUMPTION (continued)**

Estimates and Assumptions (continued)

Financial Instruments (continued)

The carrying amount of financial asset carried at fair value in the consolidated statements of financial position as of December 31, 2013, 2012 and 2011 amounting to US\$85,384,831, US\$108,286,034 and US\$27,276,060, respectively, while the carrying amount of financial liability carried at fair value in the consolidated statements of financial position as of December 31, 2013, 2012 and 2011 amounting to US\$11,927,017, US\$87,115,630 and US\$178,315,793 (Notes 6 and 31).

Allowance for Impairment Losses on Trade Receivables

The Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Group expects to collect.

These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment losses on trade receivables. The carrying amount of the Group's trade receivables before allowance for impairment losses as of December 31, 2013, 2012 and 2011 amounting to US\$292,118,936, US\$272,334,558 and US\$231,842,487, respectively. Further details are disclosed in Note 7.

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AKUNTANSI SIGNIFIKAN (lanjutan)**

Estimasi dan Asumsi (lanjutan)

Ketidakpastian Kewajiban Perpajakan

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. Dalam menentukan jumlah yang harus diakui terkait dengan liabilitas pajak yang tidak pasti, Kelompok Usaha menerapkan pertimbangan yang sama yang akan mereka gunakan dalam menentukan jumlah cadangan yang harus diakui sesuai dengan PSAK No. 57, "Provisi, Liabilitas Kontinjensi dan Aset Kontinjensi". Kelompok Usaha membuat analisa untuk semua posisi pajak terkait dengan pajak penghasilan untuk menentukan jika liabilitas pajak untuk manfaat pajak yang belum diakui harus diakui.

Kelompok Usaha mengakui liabilitas atas pajak penghasilan badan berdasarkan estimasi apakah akan terdapat tambahan pajak penghasilan badan. Nilai tercatat neto utang pajak penghasilan badan pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 masing-masing sebesar US\$14.421.465, US\$66.127.570 dan US\$618.294. Penjelasan lebih rinci diungkapkan dalam Catatan 22.e.

Realisasi dari Aset Pajak Tangguhan

Aset pajak tangguhan diakui atas seluruh rugi fiskal yang belum digunakan sepanjang besar kemungkinannya bahwa penghasilan kena pajak akan tersedia sehingga rugi fiskal tersebut dapat digunakan. Estimasi signifikan oleh manajemen disyaratkan dalam menentukan jumlah aset pajak tangguhan yang dapat diakui, berdasarkan saat penggunaan dan tingkat penghasilan kena pajak dan strategi perencanaan pajak masa depan.

Pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011, Kelompok Usaha memiliki rugi fiskal yang dapat dikompensasi masing-masing sebesar US\$3.233.089, US\$2.101.638 dan US\$1.441.594. Rugi fiskal tersebut terkait kepada Entitas Anak yang masih mengalami kerugian, belum daluwarsa dan tidak dapat digunakan untuk disalinghapuskan dengan penghasilan kena pajak entitas lain dalam Kelompok Usaha.

**3. SIGNIFICANT ACCOUNTING JUDGMENT,
ESTIMATES AND ASSUMPTION (continued)**

Estimates and Assumptions (continued)

Uncertain Tax Exposure

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. In determining the amount to be recognized in respect of an uncertain tax liability, the Group applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK No. 57, "Provisions, Contingent Liabilities and Contingent Asset". The Group makes an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognized tax benefit should be recognized.

The Group recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due. The net carrying amount of corporate income tax payable as of December 31, 2013, 2012 and 2011 amounting to US\$14,421,465, US\$66,127,570 and US\$618,294, respectively. Further details are disclosed in Note 22.e.

Realizability of Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

As of December 31, 2013, 2012 and 2011, the Group has tax loss carry forwards amounting to US\$3,233,089, US\$2,101,638 and US\$1,441,594, respectively. These tax losses relate to Subsidiaries which still incurred loss, have not yet expired and may not be used to offset taxable profits elsewhere in the Group.

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AKUNTANSI SIGNIFIKAN (lanjutan)**

Estimasi dan Asumsi (lanjutan)

Liabilitas Pembongkaran Aset dan Restorasi Area

Kelompok Usaha 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. Nilai tercatat dari provisi tersebut pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 masing-masing sebesar US\$8.362.468, nihil dan nihil. Penjelasan lebih rinci diungkapkan dalam Catatan 39.

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 Kelompok Usaha 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 komprehensif konsolidasian dapat berubah apabila beban-beban tersebut ditentukan berdasarkan unit produksi, atau jika masa manfaat ekonomi umur aset berubah.
- Penyisihan untuk aktivitas purna-operasi, restorasi lokasi aset, dan hal-hal yang berkaitan dengan lingkungan dapat berubah apabila terjadi perubahan dalam perkiraan cadangan yang mempengaruhi ekspektasi tentang waktu atau biaya kegiatan ini.

**3. SIGNIFICANT ACCOUNTING JUDGMENT,
ESTIMATES AND ASSUMPTION (continued)**

Estimates and Assumptions (continued)

Asset Abandonment and Site Restoration Obligations

The Group has recognized 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. The carrying amounts of the provision as of December 31, 2013, 2012 and 2011 amounting to US\$8,362,468, nil and nil, respectively. Further details are disclosed in Note 39.

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 comprehensive income may change where such charges are determined on a units of production basis, or where the useful economic lives of assets change.
- Decommissioning, site restoration and environmental provision may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

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Estimasi dan Asumsi (lanjutan)

Estimasi Cadangan (lanjutan)

- Nilai tercatat aset/liabilitas pajak tangguhan dapat berubah karena perubahan estimasi pemulihan manfaat pajak.

Penurunan Nilai Aset Non-Keuangan

Sesuai dengan kebijakan akuntansi Kelompok Usaha, 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 kembali dan kerugian akibat penurunan nilai akan diakui sebesar selisih antara nilai tercatat aset dengan nilai yang dapat dipulihkan kembali 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. Jumlah nilai yang dapat diperoleh kembali dari unit penghasil kas ditentukan berdasarkan perhitungan nilai pakai.

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.

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 atas), biaya operasi, biaya pembongkaran dan restorasi serta belanja modal di masa depan. Estimasi dan asumsi ini terpapar risiko dan ketidakpastian; sehingga ada kemungkinan perubahan situasi dapat mengubah proyeksi ini, yang dapat mempengaruhi nilai aset yang dapat dipulihkan kembali. Dalam keadaan seperti itu, sebagian atau seluruh nilai tercatat aset mungkin akan mengalami penurunan nilai lebih lanjut atau terjadi pengurangan rugi penurunan nilai yang dampaknya akan dicatat dalam laporan laba-rugi.

**3. SIGNIFICANT ACCOUNTING JUDGMENT,
ESTIMATES AND ASSUMPTION (continued)**

Estimates and Assumptions (continued)

Reserve Estimates (continued)

- The carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.

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 recognized to the extent that the carrying amount of an asset or cash generating unit of a group of assets is measured at the higher of fair value less costs to sell and value in use.

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 annually for impairment. The recoverable amounts of cash generating units have been determined based on value-in-use calculations.

Proven oil and gas properties are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is determined as the greater of an asset's fair value less cost to sell and value in use.

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" above), operating costs, decommissioning and site restoration cost, and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired, or the impairment charge reduced, with the impact recorded in the profit or loss.

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4. KAS DAN SETARA KAS

Akun ini terdiri dari:

	2013	2012	2011
Kas (Rp2.627.271.900 pada tahun 2013, Rp767.051.410 pada tahun 2012 dan Rp592.931.454 pada tahun 2011)	215.544	79.323	65.387
Bank			
Rekening Dolar Amerika Serikat (US\$)			
<u>Entitas berelasi dengan</u>			
<u>Pemerintah (Catatan 35)</u>			
PT Bank Mandiri (Persero) Tbk	400.646.286	112.813.133	47.094.550
PT Bank Negara Indonesia (Persero) Tbk	94.350.229	43.065.729	5.423.004
PT Bank Rakyat Indonesia (Persero) Tbk	60.256.272	74.914.920	3.980.066
<u>Pihak ketiga</u>			
Bank of America, N.A., Singapura	84.949.869	58.173.712	72.476.481
Citibank N.A., Jakarta	112.560	136.891	9.993
The Royal Bank of Scotland N.V., Jakarta	71.357	49.321	49.362
The Hongkong and Shanghai Banking Corporation Ltd., Jakarta	-	113.996	114.055
Rekening Rupiah			
<u>Entitas berelasi dengan Pemerintah (Catatan 35)</u>			
PT Bank Mandiri (Persero) Tbk (Rp176.676.321.956 pada tahun 2013, Rp288.825.581.158 pada tahun 2012 dan Rp56.237.710.702 pada tahun 2011)	14.494.735	29.868.209	6.201.777
PT Bank Rakyat Indonesia (Persero) Tbk (Rp97.840.476.086 pada tahun 2013, Rp122.432.053.373 pada tahun 2012 dan Rp47.670.808.809 pada tahun 2011)	8.026.949	12.661.019	5.257.037
PT Bank Negara Indonesia (Persero) Tbk (Rp88.146.660.556 pada tahun 2013, Rp158.008.159.045 pada tahun 2012 dan Rp47.006.072.986 pada tahun 2011)	7.231.656	16.340.037	5.183.731
PT Bank Tabungan Negara (Persero) Tbk (Rp1.536.675.290 pada tahun 2013 dan Rp74.296.392 pada tahun 2012)	126.071	7.683	-
PT Bank Mandiri Syariah (Rp544.152.860)	44.643	-	-
<u>Pihak ketiga</u>			
Bank of America N.A., Jakarta (Rp2.461.148.493 pada tahun 2013, Rp9.503.745.590 pada tahun 2012 dan Rp16.449.716.619 pada tahun 2011)	201.916	982.807	1.814.040
PT Bank Central Asia Tbk (Rp1.683.651.225 pada tahun 2013, Rp3.450.042.035 pada tahun 2012 dan Rp1.084.037.934 pada tahun 2011)	138.129	356.778	119.545
PT Bank CIMB Niaga Tbk (Rp771.442.288 pada tahun 2013, Rp761.748.501 pada tahun 2012 dan Rp1.750.852.627 pada tahun 2011)	63.290	78.774	193.080
PT Bank QNB Kesawan Tbk (Rp542.164.044)	-	56.067	-
Rekening Yen Jepang (JPY)			
<u>Entitas berelasi dengan Pemerintah (Catatan 35)</u>			
PT Bank Mandiri (Persero) Tbk (JPY47.137.416 pada tahun 2013, JPY966.717.657 pada tahun 2012 dan JPY468.123.964 pada tahun 2011)	449.253	11.193.730	6.030.168
<u>Pihak ketiga</u>			
The Royal Bank of Scotland N.V., Jakarta (JPY124.464.255 pada tahun 2013, JPY293.299.812 pada tahun 2012 dan JPY293.327.112 pada tahun 2011)	1.186.235	3.396.151	3.778.511

4. CASH AND CASH EQUIVALENTS

This account consists of:

Cash on hand (Rp2,627,271,900 in 2013, Rp767,051,410 in 2012 and Rp592,931,454 in 2011)
Cash in banks United States Dollar (US\$) accounts
<u>Government-related entities (Note 35)</u>
<u>PT Bank Mandiri (Persero) Tbk</u>
<u>PT Bank Negara Indonesia (Persero) Tbk</u>
<u>PT Bank Rakyat Indonesia (Persero) Tbk</u>
<u>Third parties</u>
<u>Bank of America N.A., Singapore</u>
<u>Citibank N.A., Jakarta</u>
<u>The Royal Bank of Scotland N.V., Jakarta</u>
<u>The Hongkong and Shanghai Banking Corporation Ltd., Jakarta</u>
Rupiah accounts
<u>Government-related entities (Note 35)</u>
<u>PT Bank Mandiri (Persero) Tbk</u>
<u>PT Bank Rakyat Indonesia (Persero) Tbk</u>
<u>PT Bank Negara Indonesia (Persero) Tbk</u>
<u>PT Bank Tabungan Negara (Persero) Tbk</u>
<u>PT Bank Mandiri Syariah</u>
<u>Third parties</u>
<u>Bank of America N.A., Jakarta</u>
<u>PT Bank Central Asia Tbk</u>
<u>PT Bank CIMB Niaga Tbk</u>
Japanese Yen (JPY) accounts
<u>Government-related entity (Note 35)</u>
<u>PT Bank Mandiri (Persero) Tbk</u>
<u>Third party</u>
<u>The Royal Bank of Scotland N.V., Jakarta</u>

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4. KAS DAN SETARA KAS (lanjutan)

4. CASH AND CASH EQUIVALENTS (continued)

	2013	2012	2011	
Bank (lanjutan)				Cash in banks (continued)
Rekening Dolar Singapura (SG\$)				Singapore Dollar (SG\$) accounts
<u>Pihak ketiga</u>				<u>Third party</u>
Citibank N.A., Jakarta (SG\$222.680 pada tahun 2013, SG\$212.728 pada tahun 2012 dan SG\$31.206 pada tahun 2011)	175.893	173.945	24.000	Citibank N.A., Jakarta (SG\$222,680 in 2013, SG\$212,728 in 2012 and SG\$31,206 in 2011)
Sub-total	672.525.343	364.382.902	157.749.400	Sub-total
Setara kas - Deposito berjangka yang tidak dibatasi penggunaannya				Cash equivalents - Unrestricted time deposits
Rekening Dolar Amerika Serikat (US\$)				United States Dollar (US\$) accounts
<u>Entitas berelasi dengan Pemerintah</u> (Catatan 35)				<u>Government-related entities (Note 35)</u>
PT Bank Rakyat Indonesia (Persero) Tbk	300.000.000	378.500.000	314.000.000	PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Negara Indonesia (Persero) Tbk	105.400.000	433.017.062	347.800.000	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Mandiri (Persero) Tbk	20.000.000	-	-	PT Bank Mandiri (Persero) Tbk
Rekening Rupiah				Rupiah accounts
<u>Entitas berelasi dengan Pemerintah</u>				<u>Government-related entities</u>
PT Bank Tabungan Negara (Persero) Tbk (Rp1.025.000.000.000 pada tahun 2013, Rp1.666.500.000.000 pada tahun 2012 dan Rp768.000.000.000 pada tahun 2011)	84.092.221	172.337.125	84.693.427	PT Bank Tabungan Negara (Persero) Tbk (Rp1,025,000,000,000 in 2013, Rp1,666,500,000,000 in 2012 and Rp768,000,000,000 in 2011)
PT Bank Mandiri (Persero) Tbk (Rp641.602.480.616 pada tahun 2013, Rp1.138.102.480.000 pada tahun 2012 dan Rp1.278.602.493.602 pada tahun 2011)	52.637.822	117.694.155	141.001.599	PT Bank Mandiri (Persero) Tbk (Rp641,602,480,616 in 2013, Rp1,138,102,480,000 in 2012 and Rp1,278,602,493,602 in 2011)
PT Bank Rakyat Indonesia (Persero) Tbk (Rp611.000.000.000 pada tahun 2013, Rp675.000.000.000 pada tahun 2012 dan Rp507.000.000.000 pada tahun 2011)	50.127.164	69.803.516	55.910.895	PT Bank Rakyat Indonesia (Persero) Tbk (Rp611,000,000,000 in 2013, Rp675,000,000,000 in 2012 and Rp 507,000,000,000 in 2011)
PT Bank Negara Indonesia (Persero) Tbk (Rp412.500.000.000 pada tahun 2013, Rp302.000.000.000 pada tahun 2012 dan Rp364.000.000.000 pada tahun 2011)	33.841.989	31.230.610	40.141.156	PT Bank Negara Indonesia (Persero) Tbk (Rp412,500,000,000 in 2013, Rp302,000,000,000 in 2012 and Rp364,000,000,000 in 2011)
PT Bank Mandiri Syariah (Rp2.000.000.000 pada tahun 2013 dan 2012)	164.082	206.825	-	PT Bank Mandiri Syariah (Rp2,000,000,000 in 2013 and 2012)
<u>Pihak ketiga</u>				<u>Third party</u>
PT Bank Tabungan Pensiunan Nasional Tbk (Rp2.000.000.000)	164.082	206.828	-	PT Bank Tabungan Pensiunan Nasional Tbk (Rp2,000,000,000)
Sub-total	646.427.360	1.202.996.121	983.547.077	Sub-total
Total	1.319.168.247	1.567.458.346	1.141.361.864	Total

Tingkat bunga tahunan deposito berjangka pada tanggal berikut adalah sebagai berikut:

The annual interest rates of time deposits on the following dates are as follows:

	2013	2012	2011	
Rekening Rupiah	4,00% - 10,00%	4,00% - 7,25%	6,00% - 7,25%	Rupiah account
Rekening Dolar AS	0,25% - 2,25%	0,12% - 2,15%	0,50% - 2,15%	US Dollar account

5. KAS YANG DIBATASI PENGGUNAANNYA

5. RESTRICTED CASH

Akun ini terdiri dari:

This account consists of:

	2013	2012	2011	
Rekening Dolar Amerika Serikat (US\$)				US Dollar (US\$) accounts
<u>Entitas berelasi dengan Pemerintah</u> (Catatan 35)				<u>Government-related entity (Note 35)</u>
PT Bank Mandiri (Persero) Tbk	594.150	-	2.212.655	PT Bank Mandiri (Persero) Tbk
<u>Pihak ketiga</u>				<u>Third parties</u>
Bank of America N.A., Singapura The Hongkong and Shanghai Banking Corporation Ltd., Jakarta	305.505 978	322.467 1.282	339.541 1.522	Bank of America N.A., Singapore The Hongkong and Shanghai Banking Corporation Ltd., Jakarta

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**5. KAS YANG DIBATASI PENGGUNAANNYA
(lanjutan)**

5. RESTRICTED CASH (continued)

	2013	2012	2011	
Rekening Rupiah				Rupiah accounts
<u>Entitas berelasi dengan Pemerintah (Catatan 35)</u>				<u>Government-related entities (Note 35)</u>
PT Bank Mandiri (Persero) Tbk (Rp3.203.432.934 pada tahun 2013, Rp61.457.400.623 pada tahun 2012 dan Rp9.707.597.638 pada tahun 2011)	262.814	6.355.470	1.070.533	PT Bank Mandiri (Persero) Tbk (Rp3,203,432,934 in 2013 and Rp61,457,400,623 Rp9,707,597,638 in 2011)
PT Bank Negara Indonesia (Persero) Tbk (Rp17.400.000.000)	-	1.799.380	-	PT Bank Negara Indonesia (Persero) Tbk (Rp17,400,000,000)
Total	1.163.447	8.478.599	3.624.251	Total

Pada tanggal 31 Desember 2013 dan 2011, kas yang dibatasi penggunaannya di PT Bank Mandiri (Persero) Tbk, pihak berelasi, merupakan rekening penampungan sehubungan dengan Perjanjian *Domestic Swap* antara Perusahaan, PT Banten Global Development dan Gas Supply Pte. Ltd. terkait dengan pembelian gas dan perjanjian jual beli gas antara Perusahaan dengan PT Nugas Trans Energy (NTE) masing-masing sebesar US\$594.150 dan US\$2.212.655. Selain itu, terdapat rekening penampungan (*escrow account*) sehubungan dengan perjanjian ganti rugi tanah dengan PT Perkebunan Nusantara VII (Persero) terkait dengan proyek transmisi Sumatera Selatan - Jawa Barat (SSWJ) masing-masing sebesar US\$262.814, US\$331.505 dan US\$353.727 pada tahun 2013, 2012 dan 2011 (Catatan 37.7).

As of December 31, 2013 and 2011, the restricted cash in PT Bank Mandiri (Persero) Tbk, a related party, represents escrow account in accordance with the Domestic Swap Agreement between the Company, PT Banten Global Development and Gas Supply Pte. Ltd. in relation to the purchasing of gas and gas purchase agreement between the Company and PT Nugas Trans Energy (NTE) amounted to US\$594,150 and US\$2,212,655, respectively. Aside from that, there is escrow account in accordance with the land compensation agreement with PT Perkebunan Nusantara VII (Persero) in relation to transmission network project of South Sumatera - West Java (SSWJ) amounted to US\$262,814, US\$331,505 and US\$353,727 in 2013, 2012 and 2011, respectively (Note 37.7).

Kas yang dibatasi penggunaannya di Bank of America, N.A. sebesar US\$305.505, US\$322.467 dan US\$339.541 masing-masing pada tanggal 31 Desember 2013, 2012 dan 2011, ditujukan untuk pembayaran wesel bayar Transgasindo.

The restricted cash in Bank of America, N.A. amounting to US\$305,505, US\$322,467 and US\$339,541 as of December 31, 2013, 2012 and 2011, respectively, were established for the repayment of Transgasindo's promissory notes.

Kas yang dibatasi penggunaannya di The Hongkong and Shanghai Banking Corporation Ltd. (HSBC) sebesar US\$978, US\$1.282 dan US\$1.522 masing-masing pada tanggal 31 Desember 2013, 2012 dan 2011 yang ditujukan untuk pembayaran pinjaman jangka panjang Transgasindo yang diperoleh dari HSBC pada tanggal 30 Agustus 2010 (Catatan 21).

The restricted cash in The Hongkong and Shanghai Banking Corporation Ltd. (HSBC) amounting to US\$978, US\$1,282 and US\$1,522 as of December 31, 2013, 2012 and 2011, respectively, were established for the repayment of Transgasindo's long-term loan obtained from HSBC on August 30, 2010 (Note 21).

Pada tanggal 31 Desember 2012, kas yang dibatasi penggunaannya di PT Bank Mandiri (Persero) Tbk sebesar US\$6.023.965 dan PT Bank Negara Indonesia (Persero) Tbk sebesar US\$1.799.380 merupakan rekening penampungan (*escrow account*) PT Gagah Energi Indonesia (GEI) sehubungan jaminan sebagai syarat penerbitan *Standby Letter of Credit* (SBLC) dengan jangka waktu 1 tahun kepada PT Sarana Indo Energi, PT Gresik Migas, NTE dan PT Taruko Energy.

As of December 31, 2012, the restricted cash in PT Bank Mandiri (Persero) Tbk amounting to US\$6,023,965 and PT Bank Negara Indonesia (Persero) Tbk amounted to US\$1,799,380 represents escrow account in PT Gagah Energi Indonesia (GEI) in accordance with covered gas purchases by a Standby Letter of Credit (SBLC) in 1 year from PT Sarana Indo Energi, PT Gresik Migas, NTE and PT Taruko Energy.

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**5. KAS YANG DIBATASI PENGGUNAANNYA
(lanjutan)**

Pada tanggal 31 Desember 2011, kas yang dibatasi penggunaannya di PT Bank Mandiri (Persero) Tbk sebesar US\$716.806 (setara dengan Rp6.500.000.000) merupakan rekening penampungan (*escrow account*) sehubungan jaminan sebagai syarat penerbitan SBLC dengan jangka waktu 1 tahun kepada NTE.

6. INVESTASI JANGKA PENDEK

Investasi jangka pendek merupakan investasi pada instrumen utang, yang dikategorikan sebagai aset keuangan tersedia untuk dijual dan nilai wajarnya ditentukan berdasarkan harga kuotasian yang dipublikasikan dalam pasar aktif, yang diterbitkan oleh pihak-pihak berikut:

	2013	2012	2011	
<u>Entitas berelasi dengan</u>				<u>Government-related entities</u>
<u>Pemerintah (Catatan 35)</u>				<u>(Note 35)</u>
PT Pertamina (Persero)	65.493.310	65.493.310	15.680.250	PT Pertamina (Persero)
Obligasi Pemerintah - Indon 22	14.814.679	14.814.679	-	The Government Bond - Indon 22
Lembaga Pembiayaan Ekspor Indonesia (LPEI)				Indonesia Eximbank
(Rp50.000.000.000 pada tahun 2013				(Rp50,000,000,000 in 2013,
Rp100.000.000.000 pada tahun 2012				Rp100,000,000,000 in 2012 and
dan Rp50.000.000.000 pada tahun				Rp50,000,000,000 in 2011)
2011)	4.102.059	10.341.262	5.513.895	-
Surat Berharga Syariah Negara (SBSN)	4.000.000	4.000.000	-	Surat Berharga Syariah Negara (SBSN)
PT Aneka Tambang (Persero) Tbk (ANTAM)				PT Aneka Tambang (Persero) Tbk (ANTAM)
(Rp25.000.000.000 pada tahun 2013,				(Rp25,000,000,000 in 2013,
2012 dan 2011)	2.051.030	2.585.315	2.756.948	2012 and 2011)
Perum Pegadaian				Perum Pegadaian
(Rp20.000.000.000 pada tahun 2013,				(Rp20,000,000,000 in 2013,
2012 dan 2011)	1.640.824	2.068.252	2.205.550	2012 and 2011)
Ditambah (dikurangkan):				Add (deduct):
Kenaikan (penurunan) belum direalisasi				Unrealized gain (loss) on increase
atas perubahan nilai wajar asset				(decrease) in fair value of
keuangan tersedia untuk dijual	(6.853.617)	8.914.204	1.119.417	available-for-sale financial assets
Diskon	136.546	69.012	-	Discount
Total	85.384.831	108.286.034	27.276.060	Total

Perusahaan melakukan pembelian obligasi PT Pertamina (Persero) (Pertamina) sebagai berikut: (1) pada tanggal 22 Juni 2011 dengan biaya perolehan sebesar US\$1.000.000, dengan nilai nominal US\$100/lembar dan harga beli sebesar US\$100/lembar; (2) pada tanggal 27 Juni 2011 dengan biaya perolehan sebesar US\$4.993.750 dengan nilai nominal sebesar US\$100/lembar dan harga beli sebesar US\$99/lembar; dan (3) pada tanggal 6 Oktober 2011 dengan biaya perolehan sebesar US\$9.686.500 dengan nilai nominal sebesar US\$100/lembar dan harga beli sebesar US\$97/lembar. Tingkat bunga tahunan obligasi tersebut adalah sebesar 5,25% dan berdasarkan Moody's Investors Services, peringkat dari obligasi tersebut adalah Baa3.

5. RESTRICTED CASH (continued)

As of December 31, 2011, the restricted cash in PT Bank Mandiri (Persero) Tbk amounting to US\$716,806 (equivalent to Rp6,500,000,000), represents escrow account in accordance with the covered gas purchases by a SBLC in 1 year from NTE.

6. SHORT-TERM INVESTMENTS

Short-term investments represent investment in debt instrument which is categorized as available-for sale financial assets and which fair value is determined by reference to published price quotations in an active market, issued by the following parties:

The Company purchased PT Pertamina (Persero) (Pertamina)'s bonds as follows: (1) on June 22, 2011 with acquisition cost of US\$1,000,000, with nominal amount of US\$100/bonds and purchase price of US\$100/bonds; (2) on June 27, 2011, with acquisition cost of US\$4,993,750, with nominal amount of US\$100/bonds and purchase price of US\$99/bonds; and (3) on October 6, 2011, with acquisition cost of US\$9,686,500, with nominal amount of US\$100/bonds and purchase price of US\$97/bonds. The bonds earn annual interest rate at 5.25% and based on Moody's Investors Services, the bonds are rated at Baa3.

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6. INVESTASI JANGKA PENDEK (lanjutan)

Pada bulan April 2012, Perusahaan melakukan pembelian obligasi Pertamina dengan biaya perolehan sebesar US\$49.813.060 dengan nilai nominal sebesar US\$100/lembar dan harga beli berkisar antara US\$99,414-US\$99,675/lembar. Tingkat bunga tahunan obligasi adalah sebesar 4,875% dan berdasarkan Moody's Investors Services, peringkat dari obligasi tersebut adalah Baa3.

Pada bulan April 2012, Perusahaan melakukan pembelian obligasi INDON 22 dengan biaya perolehan sebesar US\$16.800.000 dengan nilai nominal sebesar US\$100/lembar dan harga beli berkisar antara US\$98,50-US\$99,00/lembar. Tingkat bunga tahunan obligasi adalah sebesar 3,75% dan berdasarkan Moody's Investors Services, peringkat dari obligasi tersebut adalah Baa3. Pada tanggal 14 September 2012, Perusahaan melakukan penjualan obligasi INDON 22 dengan nominal sebesar US\$2.000.000 dengan total harga jual sebesar US\$2.130.000.

Pada tanggal 20 Desember 2011, Perusahaan melakukan pembelian obligasi Lembaga Pembiayaan Ekspor Indonesia (LPEI) Seri C dengan biaya perolehan sebesar Rp50.000.000.000 yang dibeli pada nilai nominal. Tingkat bunga tahunan obligasi adalah sebesar 8,50% dan berdasarkan PT Pefindo, peringkat dari obligasi tersebut adalah AAA.

Pada tanggal 20 November 2012, Perusahaan melakukan pembelian obligasi Lembaga Pembiayaan Ekspor Indonesia (LPEI) Seri A dengan biaya perolehan sebesar Rp50.000.000.000 yang dibeli pada nilai nominal. Tingkat bunga tahunan obligasi adalah sebesar 6,25% dan berdasarkan PT Pefindo, peringkat dari obligasi tersebut adalah AAA. Pada tanggal 9 Desember 2013, Perusahaan menerima sebesar Rp50.000.000.000 (setara dengan US\$4.102.059) yang berasal dari jatuh tempo dari aset keuangan tersedia untuk dijual tersebut.

Pada tanggal 19 November 2012, Perusahaan melakukan pembelian obligasi Surat Berharga Syariah Negara (SBSN) dengan biaya perolehan sebesar US\$4.000.000 dengan nilai nominal sebesar US\$100/lembar dan harga beli sebesar US\$100/lembar. Tingkat bunga tahunan obligasi adalah sebesar 3,3% dan berdasarkan Moody's Investors Service, peringkat dari obligasi tersebut adalah Baa3/Stable.

6. SHORT-TERM INVESTMENTS (continued)

In April 2012, the Company purchased Pertamina's bonds with acquisition cost of US\$49,813,060 with nominal amount of US\$100/bonds and purchase price is ranging from US\$99.414-US\$99.675/bonds. The bonds earn annual interest rate at 4.875% and based on Moody's Investors Services, the bonds are rated at Baa3.

In April 2012, the Company purchased several INDON 22 bonds with acquisition cost of US\$16,800,000 with nominal amount of US\$100/bonds and purchase price ranging from US\$98.50-US\$99.00/bonds. The bonds earn annual interest rate is 3.75% and based on Moody's Investors Services, the bonds are rated at Baa3. On September 14, 2012, the Company sold INDON 22 bonds with nominal amount of US\$2,000,000, with total proceeds of US\$2,130,000.

On December 20, 2011, the Company purchased Indonesia Eximbank's Series C bonds, with acquisition cost of Rp50,000,000,000 which is purchased at nominal amount. The bonds earn annual interest rate at 8.50% and based on PT Pefindo, the bonds are rated at AAA.

On November 20, 2012, the Company purchased Indonesia Eximbank's Series A bonds, with acquisition cost of Rp50,000,000,000 which is purchased at nominal amount. The bonds earn annual interest rate at 6.25% and based on PT Pefindo, the bonds are rated at AAA. On December 9, 2013, the Company received the proceeds of Rp50,000,000,000 (equivalent to US\$4,102,059) from maturities of such available for sales financial assets.

On November 19, 2012, the Company purchased Surat Berharga Syariah Negara (SBSN)'s bonds with acquisition cost of US\$4,000,000 with nominal amount of US\$100/bonds and purchase price of US\$100/bonds. The bonds earn annual interest rate at 3.3% and based on Moody's Investors Services, the bonds are rated at Baa3/Stable.

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6. INVESTASI JANGKA PENDEK (lanjutan)

Pada tanggal 28 Desember 2011, Perusahaan melakukan pembelian obligasi PT Aneka Tambang (Persero) Tbk (ANTAM) Seri B dengan biaya perolehan sebesar Rp25.000.000.000 yang dibeli pada nilai nominal. Tingkat bunga tahunan obligasi adalah sebesar 9,05% dan berdasarkan PT Pefindo, peringkat dari obligasi tersebut adalah AA-.

Pada tanggal 10 Oktober 2011, Perusahaan melakukan pembelian obligasi Perusahaan Umum (Perum) Pegadaian Seri C dengan biaya perolehan sebesar Rp20.000.000.000 yang dibeli pada nilai nominal. Tingkat bunga tahunan obligasi adalah sebesar 9,00% dan berdasarkan PT Pefindo, peringkat dari obligasi tersebut adalah AA+.

6. SHORT-TERM INVESTMENTS (continued)

On December 28, 2011, the Company purchased PT Aneka Tambang (Persero) Tbk (ANTAM)'s Series B bonds with acquisition cost of Rp25,000,000,000 which is purchased at nominal amount. The bonds earn annual interest rate at 9.05% and based on PT Pefindo, the bonds are rated at AA-.

On October 10, 2011, the Company purchased Perusahaan Umum (Perum) Pegadaian's Series C bonds with acquisition cost of Rp20,000,000,000 which is purchased at nominal amount. The bonds earn annual interest rate at 9.00% and based on PT Pefindo, the bonds are rated at AA+.

7. PIUTANG USAHA

Akun ini terdiri dari piutang dari:

7. TRADE RECEIVABLES

This account consists of receivables from:

	2013	2012	2011	
<u>Entitas berelasi dengan Pemerintah</u> (Catatan 35)				<u>Government-related entities</u> (Note 35)
Distribusi gas	76.287.787	66.457.473	53.189.305	Gas distribution
Transmisi gas	2.137.538	3.033.731	2.198.120	Gas transmission
Sub-total	78.425.325	69.491.204	55.387.425	Sub-total
<u>Pihak ketiga</u>				<u>Third parties</u>
Distribusi gas	171.822.728	174.720.787	144.462.006	Gas distribution
Transmisi gas	31.029.560	24.335.473	30.889.866	Gas transmission
Minyak dan gas	8.141.743	-	-	Oil and gas
Sewa fiber optik	2.699.580	3.787.094	1.103.190	Fiber optic rental
Sub-total	213.693.611	202.843.354	176.455.062	Sub-total
Total	292.118.936	272.334.558	231.842.487	Total
Cadangan kerugian penurunan nilai				Allowance for impairment losses
Penurunan individual	(11.386.439)	(12.834.252)	(11.526.750)	Individual impairment
Penurunan kolektif	(776.015)	(848.209)	(852.978)	Collective impairment
Sub-total	(12.162.454)	(13.682.461)	(12.379.728)	Sub-total
Neto	279.956.482	258.652.097	219.462.759	Net

Piutang usaha dari entitas berelasi dengan Pemerintah mayoritas berasal dari piutang PT Perusahaan Listrik Negara (Persero) (PLN) dan PT PLN Batam masing-masing sebesar US\$50.127.813 dan US\$1.582.221 pada tanggal 31 Desember 2013, US\$41.188.136 dan US\$1.841.627 pada tanggal 31 Desember 2012 dan US\$29.511.683 dan US\$3.159.768 pada tanggal 31 Desember 2011.

A substantial portion of the receivables from Government related entities represents receivables from PT Perusahaan Listrik Negara (Persero) (PLN) and PT PLN Batam amounting to US\$50,127,813 and US\$1,582,221 as of December 31, 2013, US\$41,188,136 and US\$1,841,627 as of December 31, 2012 and US\$29,511,683 and US\$3,159,768 as of December 31, 2011.

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7. PIUTANG USAHA (lanjutan)

Rincian piutang usaha berdasarkan mata uang adalah sebagai berikut:

	2013	2012	2011	
Dollar Amerika Serikat	245.204.957	211.779.828	166.532.472	United States Dollar
Rupiah				Rupiah
(Rp571.834.489.483 pada tahun 2013, Rp585.564.239.100 pada tahun 2012 dan Rp592.231.225.088 pada tahun 2011)	46.913.979	60.554.730	65.310.015	(Rp571,834,489,483 in 2013, Rp585,564,239,100 in 2012 and Rp592,231,225,088 in 2011)
Total	292.118.936	272.334.558	231.842.487	Total

7. TRADE RECEIVABLES (continued)

The details of trade receivables based on currencies are as follows:

Perubahan cadangan kerugian penurunan nilai adalah sebagai berikut:

	2013	2012	2011	
Saldo awal	13.682.461	12.379.728	10.966.854	Beginning balance
Pembalikan cadangan kerugian penurunan nilai	(2.586.013)	-	-	Reversal of the allowance for impairment losses
Penurunan nilai selama tahun berjalan (Catatan 28)	3.369.788	1.906.639	2.889.522	Impairment during the year (Note 28)
Perubahan kurs	(2.303.782)	(603.906)	(1.476.648)	Foreign exchange rate changes
Saldo akhir	12.162.454	13.682.461	12.379.728	Ending balance

The changes in the allowance for impairment losses are as follows:

Analisa umur piutang usaha dihitung sejak tanggal faktur adalah sebagai berikut:

	2013	2012	2011	
Lancar dan tidak mengalami penurunan nilai	261.319.336	245.978.448	202.423.710	Neither past due nor impaired
Telah jatuh tempo				Past due
> 1 bulan - 3 bulan	14.233.337	7.429.612	11.345.713	> 1 month - 3 months
> 3 bulan - 6 bulan	861.745	1.894.126	894.308	> 3 months - 6 months
> 6 bulan - 1 tahun	676.774	2.083.446	1.872.699	> 6 months - 1 year
> 1 tahun	15.027.744	14.948.926	15.306.057	> 1 year
Total	292.118.936	272.334.558	231.842.487	Total

The aging analysis of trade receivables based on invoice dates are as follows:

Piutang usaha tidak dijamin, tidak dikenakan bunga dan umumnya dikenakan syarat pembayaran selambat-lambatnya tanggal 20 bulan penagihan.

Trade receivables are unsecured, non-interest bearing and are generally subject to the terms of payment at no later than the 20th of the billing month.

Transgasindo, Entitas Anak

Pada tanggal 11 Juni 2013, BPH Migas menerbitkan surat No. 781/07/Ka BPH/2013 ("Surat BPH Migas") kepada Direktur Utama Transgasindo terkait pengaplikasian tarif baru toll fee pada ruas pipa Grissik - Singapura sebagaimana disebutkan pada surat keputusan BPH Migas Nomor 217/Tarif/BPH Migas/Kom/VIII/2010 tertanggal 11 Agustus 2010 ("Surat Pengumuman Tarif Baru").

Transgasindo, a Subsidiary

On 11 June 2013, BPH Migas issued letter No. 781/07/Ka BPH/2013 (the "BPH Migas' Letter") to the President Director of Transgasindo regarding the application of a new tariff for toll fees in the Grissik - Singapore pipeline which had been issued according to BPH Migas decision letter No. 217/Tarif/BPH Migas/Kom/VIII/2010 dated 11 August 2010 ("New Tariff Announcement Letter").

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7. PIUTANG USAHA (lanjutan)

Transgasindo, Entitas Anak (lanjutan)

Penerbitan Surat BPH Migas tersebut sehubungan dengan surat keputusan Mahkamah Agung Republik Indonesia No. 205/K/TUN/2012 yang menolak kasasi yang diajukan oleh ConocoPhillips (Grissik) Ltd terkait perselisihannya dengan BPH Migas, tentang tarif baru *toll fee* yang akan diaplikasikan pada awal Agustus 2010, sebagaimana disebutkan dalam Surat Pengumuman Tarif Baru.

Terkait dengan perselisihan tentang tarif baru, Transgasindo telah mencadangkan rugi penurunan nilai sebesar US\$2.586.013, yang mencerminkan piutang yang diperselisihkan untuk periode Agustus hingga Desember 2010. Transgasindo tidak mencadangkan rugi penurunan nilai untuk periode 1 Januari 2011 hingga 30 Juni 2013, dikarenakan penagihan pada para *shipper* di periode tersebut menggunakan tarif lama.

Sehubungan dengan penerbitan Surat BPH Migas, Transgasindo dapat mengakui tambahan pendapatan dan piutang untuk transportasi gas sejak 1 Januari 2011 akibat dari pengaplikasian tarif baru. Transgasindo telah menerapkan penerapan tarif baru ini untuk penagihan kepada pelanggan dan membalik cadangan kerugian penurunan nilai pada tahun 2013.

Manajemen Kelompok Usaha berpendapat bahwa cadangan kerugian penurunan nilai adalah cukup untuk menutupi kemungkinan atas tidak tertagihnya piutang usaha.

8. PIUTANG LAIN-LAIN

Akun ini terdiri:

	2013	2012	2011
Pajak Pertambahan Nilai yang dapat ditagihkan	11.710.173	-	-
Piutang dari aktivitas minyak dan gas	11.116.613	-	-
Piutang underlifting	2.934.610	-	-
Piutang dari Kuwait Foreign Petroleum Exploration Company K.S.C. (Closed) (KUFPEC)	2.687.500	-	-
Uang muka proyek (Rp30.240.591.030 pada tahun 2013, Rp3.232.586.877 pada tahun 2012 dan Rp1.156.766.920 pada tahun 2011)	2.480.974	334.290	127.566
Bunga (USD1.617.271 dan Rp7.209.898.630 pada tahun 2013, US\$1.422.283 dan Rp5.873.818.207 pada tahun 2012 dan US\$372.294 dan Rp6.447.644.744 pada tahun 2011)	2.208.780	2.029.710	1.083.327
Panjar dinas (Rp17.963.417.463 pada tahun 2013, Rp12.728.026.141 pada tahun 2012 dan Rp27.118.732.175 pada tahun 2011)	1.473.740	1.316.238	2.990.597

7. TRADE RECEIVABLES (continued)

Transgasindo, a Subsidiary (continued)

The issuance of the BPH Migas' Letter was in relation with the decision letter of Supreme Court of Republic of Indonesia No. 205/K/TUN/2012 rejecting the cassation proposed by ConocoPhillips (Grissik) Ltd about its dispute with BPH Migas, which was due to a new tariff for toll fees to be applied at the beginning of August 2010, as mentioned in the New Tariff Announcement Letter.

Due to the dispute over the new tariff, Transgasindo provided allowance for impairment losses amounting to US\$2,586,013, which represents disputed receivables for the period from August to December 2010. Transgasindo did not provide any additional allowance for impairment losses for the period January 1, 2011 to June 30, 2013, as it had billed the shippers with the old tariff.

By the issuance of the BPH Migas' Letter, Transgasindo will be able to recognize the additional revenue and receivables for gas transportation commencing January 1, 2011 resulting from application of the new tariff. Transgasindo has applied the new tariff to its invoices submitted to customers and reverse the allowance for impairment losses in 2013.

The management of the Group believes that the allowance for impairment losses is adequate to cover any loss from uncollectible of trade receivables.

8. OTHER RECEIVABLES

This account consists of:

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8. PIUTANG LAIN-LAIN (lanjutan)

8. OTHER RECEIVABLES (continued)

	2013	2012	2011	
Pemerintah Republik Indonesia	1.301.663	1.301.663	1.301.663	The Government of the Republic of Indonesia
Piutang dari PT Kustodian Sentral Efek Indonesia (KSEI) (Rp13.945.008.251 pada tahun 2011)	-	-	1.537.826	Receivable from PT Kustodian Sentral Efek Indonesia (KSEI) (Rp13,945,008,251 in 2011)
Lain-lain (US\$2.086, SG\$5.527, dan Rp15.176.461.543 pada tahun 2013, US\$2.086, SG\$5.527, dan Rp13.373.045.970 pada tahun 2012 US\$2.086, SG\$23.027 dan Rp1.255.584.759 pada tahun 2011)	1.251.545	1.389.558	158.258	Others (US\$2,086, SG\$5,527 and Rp15,176,461,543 in 2013 and US\$2,086, SG\$5,527 and Rp13,373,045,970 in 2012 US\$2,086, SG\$23,027 and Rp1,255,584,759 in 2011)
Total	37.165.598	6.371.459	7.199.237	Total
Cadangan kerugian penurunan nilai (Rp14.197.800 dan US\$1.301.663 tahun 2013, 2012 dan 2011)	(1.302.828)	(1.303.131)	(1.303.228)	Allowance for impairment losses (Rp14,197,800 and US\$1,301,663 in 2013, 2012 and 2011)
Neto	35.862.770	5.068.328	5.896.009	Net

Perubahan cadangan kerugian penurunan nilai adalah sebagai berikut:

The changes in the allowance for impairment losses are as follows:

	2013	2012	2011	
Saldo awal	1.303.131	1.303.228	1.303.242	Beginning balance
Penurunan nilai selama tahun berjalan	-	-	-	Impairment during the year
Perubahan kurs	(303)	(97)	(14)	Foreign exchange rate changes
Saldo akhir	1.302.828	1.303.131	1.303.228	Ending balance

Piutang Pajak Pertambahan Nilai (PPN) yang dapat ditagihkan merupakan PPN yang dibayarkan oleh entitas anak yang bergerak di bidang eksplorasi dan produksi minyak dan gas bumi di Indonesia, yang dapat ditagih kembali dari Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (SKKMIGAS).

Reimbursable Value Added Tax (VAT) represents VAT paid by subsidiary involved in oil and gas exploration and production in Indonesia which is reimbursable from Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (SKKMIGAS).

Piutang dari aktivitas minyak dan gas merupakan piutang yang berkaitan dengan aktivitas eksplorasi dan produksi minyak dan gas termasuk pembayaran *cash call* yang berkaitan dengan kontrak kerjasama pada blok Ketapang dan Bangkanai (Catatan 37.20 dan 37.21).

Receivables from oil and gas activities represent receivables relating to oil and gas exploration and production activities including cash call payment relating to the Ketapang and Bangkanai PSC (Notes 37.20 and 37.21).

Piutang *underlifting* dari SKK MIGAS pada tanggal 31 Desember 2013 berasal dari blok Ujung Pangkah.

The *underlifting* receivable from SKKMIGAS as of December 31, 2013 relates to Ujung Pangkah block.

Piutang dari Kuwait Foreign Petroleum Exploration Company K.S.C (Closed) (KUFPEC) merupakan piutang sehubungan dengan pembangunan *jetty* di Gresik yang ditanggung oleh KUFPEC sesuai dengan Perjanjian Jual Beli Kufpec Indonesia (Pangkah) B.V. antara SEI dengan KUFPEC.

Receivables from Kuwait Foreign Petroleum Exploration Company K.S.C (Closed) (KUFPEC) represent construction of *jetty* in Gresik which will be borne by KUFPEC based on Sales Purchase Agreement of Kufpec Indonesia (Pangkah) B.V. between SEI with KUFPEC.

Uang muka proyek merupakan pembayaran uang muka atas pembayaran kepada kontraktor atas pekerjaan pemeliharaan.

Advances for project represent payments to contractor relating to maintenance activities.

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8. PIUTANG LAIN-LAIN (lanjutan)

Piutang lain-lain dari Pemerintah Republik Indonesia merupakan piutang sehubungan dengan penerusan pinjaman yang dananya telah tersedia di Bank Indonesia pada tahun 2003 untuk ditarik oleh Perusahaan menunggu kelengkapan administratif.

Berdasarkan Surat Menteri Keuangan No. S/219/PB.3/2009, tanggal 6 Maret 2009 bahwa saldo pada rekening khusus telah ditransfer ke rekening Kas Negara dalam mata uang Dolar Amerika Serikat pada tanggal 12 Februari 2009 dan rekening tersebut telah ditutup pada tanggal 13 Februari 2009 sebagaimana dinyatakan dalam Surat Kepala Bagian Jasa Perbankan Bank Indonesia tanggal 19 Februari 2009 No. 11/49/DASP/LIP, mengenai pemindahan saldo rekening khusus dan penutupan rekening khusus yang tidak aktif, maka manajemen memutuskan untuk membentuk penyisihan atas seluruh piutang dari Pemerintah Republik Indonesia.

Piutang lain-lain dari PT Kustodian Sentral Efek Indonesia (KSEI) merupakan piutang Pajak Penghasilan Pasal 23 atas dividen interim untuk tahun 31 Desember 2011 yang dibayarkan oleh Perusahaan ke KSEI pada tanggal 13 Desember 2011 (Catatan 10). Pada tanggal 3 Januari 2012, Perusahaan telah menerima seluruh piutang tersebut.

Manajemen Kelompok Usaha berpendapat bahwa cadangan kerugian penurunan nilai adalah cukup untuk menutupi kemungkinan kerugian atas tidak tertagihnya piutang lain-lain.

9. PERSEDIAAN

Akun ini terdiri:

	2013	2012	2011	
Suku cadang	7.855.836	3.748.744	3.309.984	
Suku cadang minyak dan gas, perlengkapan sumur dan lainnya	8.616.671	-	-	Spare parts Oil and gas sparepart, well supplies and others
Penyisihan persediaan usang	(1.857.239)	(1.303.679)	(1.335.662)	Allowance for inventory obsolescence
Total	14.615.268	2.445.065	1.974.322	Total

Perubahan penyisihan persediaan usang adalah sebagai berikut:

	2013	2012	2011	
Saldo awal	1.303.679	1.335.662	1.157.880	Beginning balance
Persediaan dari akuisisi Entitas Anak	553.646	-	-	Inventories from the acquisition of Subsidiary
Penyisihan untuk tahun berjalan	-	24.326	231.078	Provisions during the year
Pemulihan penyisihan	(86)	(56.309)	(53.296)	Recovery of allowance
Saldo akhir	1.857.239	1.303.679	1.335.662	Ending balance

8. OTHER RECEIVABLES (continued)

Other receivables from the Government of the Republic of Indonesia represent receivables in relation to the two-step loans which funds are available for the Company in Bank Indonesia in 2003 to withdraw pending the completion of certain administrative matters.

Based on the Ministry of Finance Letter No. S/219/PB.3/2009, dated March 6, 2009 which stated that the amount in the special account had been transferred to State Office Funds account in US Dollar currency on February 12, 2009 and such account had been closed on February 13, 2009, as stated in Letter of Head of Banking Services of Bank Indonesia dated February 19, 2009 No. 11/49/DASP/LIP, regarding the transfer of special account amount and closing of inactive special account, the management decided to provide full allowance for these receivables from the Government of the Republic of Indonesia.

Other receivable from PT Kustodian Sentral Efek Indonesia (KSEI) represents tax receivable of Income Tax Article 23 of interim dividends which has already paid by the Company to KSEI on December 13, 2011 (Note 10). On January 3, 2012, the Company has already received such receivables.

The management of the Group believes that the allowance for impairment losses is adequate to cover any loss from uncollectible of other receivables.

9. INVENTORIES

This account consists of:

The changes in the allowance for inventory obsolescence are as follows:

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9. PERSEDIAAN (lanjutan)

Persediaan tidak dijadikan jaminan dan diasuransikan terhadap risiko kebakaran dan risiko lainnya berdasarkan suatu paket polis tertentu dengan jumlah pertanggungan sebesar Rp185.580.224.952 dan US\$24.084.418.

Manajemen Kelompok Usaha berpendapat bahwa jumlah pertanggungan tersebut cukup untuk menutupi kemungkinan kerugian atas persediaan yang dipertanggungjawabkan tersebut.

Berdasarkan hasil penelaahan terhadap kondisi fisik dari persediaan pada tanggal pelaporan, manajemen berkeyakinan cadangan penyisihan persediaan tersebut di atas cukup untuk menutup kemungkinan keusangan dari persediaan.

10. UANG MUKA

Akun ini terdiri dari uang muka untuk:

	2013	2012	2011
Pembelian gas bumi ("Take-or-Pay") <u>Entitas berelasi dengan Pemerintah</u> (Catatan 35)			
PT Pertamina EP	76.696.271	76.696.271	76.696.271
PT Pertamina Hulu Energi	-	102.598	-
<u>Pihak ketiga</u>			
ConocoPhillips (Grissik) Ltd.	26.535.158	54.109.588	73.567.693
PT Sadikun Niagamas Raya	6.667.198	-	-
PT Walinusa Energi	4.260.944	-	-
PT Niaga Gema Teknologi	2.190.177	-	-
PT Nugas Trans Energy	864.655	-	-
PT Gresik Migas	32.698	-	-
Pembelian barang dan jasa	6.426.488	7.447.902	2.655.058
Uang muka KNOC	2.300.000	-	-
Uang muka <i>ship or pay</i> <u>Entitas berelasi dengan Pemerintah</u> (Catatan 35)			
PT Pertamina Gas	1.461.057	-	-
Dikurangi bagian jangka panjang:			
Pembelian gas bumi ("Take-or-Pay")	(79.783.801)	(103.751.065)	(78.805.132)
Pembelian barang dan jasa	(5.103.557)	(7.171.077)	(2.270.407)
Sub-total	(84.887.358)	(110.922.142)	(81.075.539)
Bagian jangka pendek:			
Pembelian gas bumi ("Take-or-Pay")	37.463.300	27.157.392	71.458.832
Uang muka KNOC	2.300.000	-	-
Uang muka <i>ship or pay</i>	1.461.057	-	-
Pembelian barang dan jasa (Rp16.125.202.083 pada tahun 2013, Rp2.676.897.750 pada tahun 2012 dan Rp3.487.997.200 pada tahun 2011)	1.322.931	276.825	384.651
Dividen interim (Rp263.485.084.590)	-	-	29.056.582
Lain-lain (Rp1.763.011.963 pada tahun 2013, Rp5.257.051.796 pada tahun 2012 dan Rp7.589.559.423 pada tahun 2011)	144.640	543.645	836.958
Total	42.691.928	27.977.862	101.737.023

9. INVENTORIES (continued)

Inventories are not pledged and are insured against losses from fire and other risks under blanket policies for Rp185,580,224,952 and US\$24,084,418.

The management of the Group believes that the insurance coverage is adequate to cover possible losses from such risks.

Based on a review of physical conditions of the inventories at the reporting dates, management believes that the above allowance is adequate to cover any possible losses from obsolescence of inventories.

10. ADVANCES

This account consists of advances for:

	2013	2012	2011
Pembelian gas bumi ("Take-or-Pay") <u>Government-related entities</u> (Note 35)			
PT Pertamina EP	76.696.271	76.696.271	76.696.271
PT Pertamina Hulu Energi	-	102.598	-
<u>Third parties</u>			
ConocoPhillips (Grissik) Ltd.	26.535.158	54.109.588	73.567.693
PT Sadikun Niagamas Raya	6.667.198	-	-
PT Walinusa Energi	4.260.944	-	-
PT Niaga Gema Teknologi	2.190.177	-	-
PT Nugas Trans Energy	864.655	-	-
PT Gresik Migas	32.698	-	-
Pembelian barang dan jasa	6.426.488	7.447.902	2.655.058
Advance to KNOC	2.300.000	-	-
Ship or pay advance <u>Government-related entities</u> (Note 35)			
PT Pertamina Gas	1.461.057	-	-
Less non-current portion:			
Pembelian gas bumi ("Take-or-Pay")	(79.783.801)	(103.751.065)	(78.805.132)
Pembelian barang dan jasa	(5.103.557)	(7.171.077)	(2.270.407)
Sub-total	(84.887.358)	(110.922.142)	(81.075.539)
Current maturities of:			
Pembelian gas bumi ("Take-or-Pay")	37.463.300	27.157.392	71.458.832
Advance to KNOC	2.300.000	-	-
Ship or pay advance	1.461.057	-	-
Pembelian barang dan jasa (Rp16,125,202,083 in 2013, Rp2,676,897,750 in 2012 and Rp3,487,997,200 in 2011)	1,322,931	276,825	384,651
Interim dividends (Rp263,485,084,590)	-	-	29,056,582
Others (Rp1,763,011,963 in 2013, Rp5,257,051,796 in 2012 and Rp7,589,559,423 in 2011)	144,640	543,645	836,958
Total	42,691,928	27,977,862	101,737,023

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10. UANG MUKA (lanjutan)

Uang muka pembelian gas bumi berdasarkan kesepakatan "Make-Up Gas" terdiri dari pembayaran untuk selisih jumlah gas yang dialirkan dengan jumlah kuantitas pembelian gas bumi minimum seperti yang tertera dalam Perjanjian Jual Beli Gas (Catatan 37.1). Uang muka tersebut akan dikreditkan dengan kelebihan kuantitas gas yang dialirkan dengan jumlah kuantitas pembelian gas bumi minimum yang terjadi setelahnya.

Uang muka pembelian barang merupakan pembayaran atas pengadaan *Metering Regulating System* (MRS), pipa baja, *pilot* dan *ball valve* kepada pihak ketiga.

Uang muka KNOC sebesar US\$2.300.000 pada tanggal 31 Desember 2013 merupakan uang muka sehubungan dengan perjanjian jual beli *participating interest* sebesar 8,91% di South East Sumatra PSC (Catatan 38.17 dan 45.4).

Uang muka *ship or pay* merupakan pembayaran atas jasa pengangkutan gas bumi melalui pipa untuk selisih jumlah gas yang dialirkan dengan jumlah kuantitas gas bumi minimum yang dialirkan melalui pipa seperti yang tertera dalam Perjanjian Penyaluran Gas melalui EJGP (Catatan 37.2). Uang muka tersebut akan dikreditkan dengan kelebihan kuantitas gas yang dialirkan dengan jumlah kuantitas gas minimum yang disalurkan melalui pipa yang terjadi setelahnya.

Berdasarkan Surat Keputusan Direksi tanggal 8 November 2011, Perusahaan memutuskan untuk membagikan dividen interim sebesar Rp10,87 per saham atau seluruhnya sebesar Rp263.485.084.590. Dividen interim ini akan diperhitungkan dalam penetapan dividen final dalam Rapat Umum Pemegang Saham Tahunan Perseroan tahun 2011. Pada tanggal 13 Desember 2011, dividen interim ini telah didistribusikan ke dalam rekening Perusahaan Efek dan/atau Bank Kustodian.

Manajemen Kelompok Usaha berpendapat bahwa seluruh uang muka tersebut dapat dipulihkan.

11. BEBAN DIBAYAR DI MUKA

Akun ini terdiri dari:

	2013	2012	2011	
Asuransi	1.095.832	4.818.770	3.488.287	Insurance
Sewa	433.018	375.681	1.642.863	Rent
Lain-lain	156.025	257.255	136.316	Others
Total	1.684.875	5.451.706	5.267.466	Total

10. ADVANCES (continued)

The advances for purchase of natural gas under the Make-Up Gas arrangements pertain to the payments for the difference between the delivered quantity and the minimum purchase quantity of natural gas as stated in the Gas Sales and Purchase Agreements (Note 37.1). Such advances will be applied against future deliveries of quantities over the minimum specified purchase quantities of natural gas.

Advance for purchase of goods represents payment for Metering Regulating System (MRS) procurement, steel pipe, pilot and ball valve to the third parties.

Advance to KNOC amounting to US\$2,300,000 as of December 31, 2013 represents advances accordance with sales and purchase agreement of 8.91% participating interest in the South East Sumatera PSC (Notes 38.17 and 45.4).

The ship or pay advance is payment of gas transmission fee using pipeline for the difference between the delivered quantity and the minimum delivery quantity of natural gas as stated in Transportation Gas Agreement through EJGP (Note 37.2). Such advance will be applied against future deliveries of quantities over the minimum specified delivery quantities of natural gas.

Based on Directors' Decision Letter dated November 8, 2011, the Company decided to distribute interim dividends amounting to Rp10.87 per share or totaling Rp263,485,084,590. These interim dividends will be considered in the determination of final dividends in the Company's Annual General Shareholders Meeting for year 2011. On December 13, 2011, these interim dividends had been distributed to Securities Company's account and/or Custodian Bank.

The management of the Group believes that all of such advances can be recovered.

11. PREPAID EXPENSES

This account consists of:

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12. PIUTANG LAIN-LAIN JANGKA PANJANG

Akun ini terdiri dari:

	2013
Saldo awal	-
Penambahan untuk tahun berjalan:	
Piutang <i>carry</i>	35.600.000
Piutang dari KUFPEC	7.771.788
Sub-total	43.371.788
Penyesuaian nilai wajar	(3.106.226)
Saldo akhir	40.265.562

Berdasarkan perjanjian Farm Out Bangkanai PSC, SBK akan melakukan pembayaran *carry* Salamander Energy (Bangkanai) Limited atas biaya pengembangan sebesar US\$30.000.000, biaya pengeboran di sumur West Kerendan-1 sebesar US\$5.600.000 dan biaya pengeboran sumur eksplorasi berikutnya sebesar US\$1.500.000 di blok tersebut. Pada tanggal 31 Desember 2013, jumlah yang telah dibayarkan oleh SBK sebesar US\$35.600.000. SBK dapat memulihkan biaya pengembangan dan pengeboran tersebut pada saat aktivitas produksi, dengan nilai maksimum sebesar jumlah tersebut di atas.

SBK mencatat penyesuaian nilai wajar atas piutang dari Salamander Energy (Bangkanai) Limited terkait dengan pembayaran *carry* tanpa bunga dengan mengestimasi nilai kini atas penerimaan arus kas masuk masa depan yang didiskonto dengan menggunakan tingkat suku bunga pinjaman SBK. Setelah pengakuan awal, SBK akan mencatat pendapatan bunga *unwinding* atas piutang tersebut yang disajikan dalam akun "Pendapatan Keuangan" di dalam laporan laba rugi komprehensif konsolidasian untuk tahun yang berakhir 31 Desember 2013, sampai dengan periode estimasi pembayaran terakhir dengan menyesuaikan jumlah tercatat piutang menjadi nilai nominal.

Piutang dari Kuwait Foreign Petroleum Exploration Company K.S.C. (Closed) (KUFPEC) merupakan piutang sehubungan dengan beban pajak yang terhutang di KIP yang ditanggung oleh KUFPEC sesuai dengan Perjanjian Jual Beli Kufpec Indonesia Pangkah B.V. antara SEI dengan KUFPEC.

Manajemen Kelompok Usaha berpendapat bahwa saldo seluruh piutang tersebut dapat ditagih sehingga tidak diperlukan cadangan kerugian penurunan nilai.

12. OTHER LONG-TERM RECEIVABLES

This account consists of:

	2013
Saldo awal	-
Penambahan untuk tahun berjalan:	
<i>Carry</i> receivables	35.600.000
Receivable from KUFPEC	7.771.788
Sub-total	43.371.788
Fair value adjustment	(3.106.226)
Ending Balance	40.265.562

Based on Farm Out Agreement of Bangkanai PSC, SBK will carry US\$30,000,000 of Salamander Energy (Bangkanai) Limited's carried development costs, pay a promote US\$5,600,000 on the drilling cost in West Kerendan-1 Well and pay a promote US\$1,500,000 on the forthcoming exploration drilling in such block. On December 31, 2013, the amount paid by SBK was US\$35,600,000. SBK can recover the development and drilling cost in production activities, to a maximum of the above amounts.

SBK recorded fair value adjustment to the receivables from Salamander Energy (Bangkanai) Limited that carries no interest by estimating present value of all future cash receipts discounted using the borrowing rate of SBK. Subsequent to recognition, SBK will record the unwinding interest income for such receivables which is presented under "Finance Income" in the consolidated statement of comprehensive income for the year ended December 31, 2013, over the period up to the estimated final payment to adjust the carrying amount of the receivables to its face value.

Receivables from Kuwait Foreign Petroleum Exploration Company K.S.C. (Closed) (KUFPEC) represent tax expense incurred in KIP which will be borne by KUFPEC based on Sales Purchase Agreement of Kufpec Indonesia Pangkah B.V. between SEI with KUFPEC.

The management of the Group believes that all of the receivables are collectible. Hence, no allowance for impairment losses has been provided.

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13. PENYERTAAN SAHAM

Akun ini terdiri dari:

13. INVESTMENT IN SHARES OF STOCK

This account consists of:

		2013				
		Persentase kepemilikan/ Percentage of ownership	Nilai tercatat 1 Jan. 2013/ Carrying amount Jan. 1, 2013	Penambahan/ Addition (Pengurangan)/ (Deductions)	Bagian laba (rugi)/ Share of profit (loss)	Nilai tercatat 31 Des. 2013/ Carrying amount Dec. 31, 2013
Perusahaan/The Company						
<i>Metode ekuitas/Equity method</i>						
PT Nusantara Regas (Catatan 35/Note 35)		40,00%	65.555.082	(2.498.684)	32.272.194	95.328.592
PT Gas Energi Jambi (Catatan 35/Note 35)		40,00%	-	-	-	-
<i>Metode biaya perolehan/Cost method</i>						
PT Banten Gas Synergy		0,14%	2.718	-	-	2.718
Sub-total/Sub-total			65.557.800	(2.498.684)	32.272.194	95.331.310
Entitas Anak-PGASSOL/The Subsidiary-PGASSOL						
<i>Metode ekuitas/Equity method</i>						
PT Promatcon Tepatguna - KSO Muara Bekasi		40,00%	394.671	(394.671)	-	-
Total/Total			65.952.471	(2.893.355)	32.272.194	95.331.310
		2012				
		Persentase kepemilikan/ Percentage of ownership	Nilai tercatat 1 Jan. 2012/ Carrying amount Jan. 1, 2012	Penambahan/ Addition (Pengurangan)/ (Deductions)	Bagian laba (rugi)/ Share of profit (loss)	Nilai tercatat 31 Des. 2012/ Carrying amount Dec. 31, 2012
Perusahaan/The Company						
<i>Metode ekuitas/Equity method</i>						
PT Nusantara Regas (Catatan 35/Note 35)		40,00%	44.997.736	12.228.398	8.328.948	65.555.082
PT Gas Energi Jambi (Catatan 35/Note 35)		40,00%	-	-	-	-
<i>Metode biaya perolehan/Cost method</i>						
PT Banten Gas Synergy		0,14%	2.718	-	-	2.718
Sub-total/Sub-total			45.000.454	12.228.398	8.328.948	65.557.800
Entitas Anak-PGASSOL/The Subsidiary-PGASSOL						
<i>Metode ekuitas/Equity method</i>						
PT Promatcon Tepatguna - KSO Muara Bekasi		40,00%	-	5.023	389.648	394.671
Total/Total			45.000.454	12.233.421	8.718.596	65.952.471
		2011				
		Persentase kepemilikan/ Percentage of ownership	Nilai tercatat 1 Jan. 2011/ Carrying amount Jan. 1, 2011	Penambahan/ Addition (Pengurangan)/ (Deductions)	Bagian laba (rugi)/ Share of profit (loss)	Nilai tercatat 31 Des. 2011/ Carrying amount Dec. 31, 2011
Perusahaan/The Company						
<i>Metode ekuitas/Equity method</i>						
PT Nusantara Regas (Catatan 35/Note 35)		40,00%	21.488.136	24.202.420	(692.820)	44.997.736
PT Banten Gas Synergy		1,00%	2.718	-	-	2.718
Total/Total			21.490.854	24.202.420	(692.820)	45.000.454

Tabel berikut menyajikan informasi keuangan atas investasi Kelompok Usaha pada entitas asosiasi:

The following table illustrates summarized financial information of the Group's investments in associates:

		Laporan posisi keuangan Entitas Asosiasi/ The Associates' statement of financial position				Pendapatan neto dan laba (rugi) Entitas Asosiasi/ Share of the Associates' net revenues and profit (loss)		
		Aset lancar/ Current assets	Aset tidak lancar/ Non-current assets	Liabilitas jangka pendek/ Current liabilities	Liabilitas jangka panjang/ Non-current liabilities	Ekuitas/ Equity	Pendapatan neto/ Net revenues	Laba (rugi)/ Profit (loss)
PT Nusantara Regas		207.218.056	95.528.335	54.617.360	8.046.162	240.082.869	1.086.702.592	80.680.485
PT Gas Energi Jambi		2.275	38.338	653.135	-	(612.522)	-	(82.975)
Total/Total		207.220.331	95.566.673	55.270.495	8.046.162	239.470.347	1.086.702.592	80.597.510

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13. PENYERTAAN SAHAM (lanjutan)

**13. INVESTMENT IN SHARES OF STOCK
(continued)**

2012							
Laporan posisi keuangan Entitas Asosiasi/ The Associates' statement of financial position					Pendapatan neto dan laba (rugi) Entitas Asosiasi/ Share of the Associates' net revenues and profit (loss)		
	Aset lancar/ Current assets	Aset tidak lancar/ Non-current assets	Liabilitas jangka pendek/ Current liabilities	Liabilitas jangka panjang/ Non-current liabilities	Ekuitas/ Equity	Pendapatan neto/ Net revenues	Laba (rugi)/ Profit (loss)
PT Nusantara Regas	194.393.120	81.236.608	98.431.715	11.548.919	165.649.094	616.054.812	20.822.371
PT Gas Energi Jambi	2.866	48.325	733.554	-	(682.363)	-	(92.454)
PT Promatcon Tepatguna	2.086.530	9.806	1.138.703	-	957.633	1.633.244	974.120
Total/Total	196.482.516	81.294.739	100.303.972	11.548.919	165.924.364	617.688.056	21.704.037
2011							
Laporan posisi keuangan Entitas Asosiasi/ The Associates' statement of financial position					Pendapatan neto dan laba (rugi) Entitas Asosiasi/ Share of the Associates' net revenues and profit (loss)		
	Aset lancar/ Current assets	Aset tidak lancar/ Non-current assets	Liabilitas jangka pendek/ Current liabilities	Liabilitas jangka panjang/ Non-current liabilities	Ekuitas/ Equity	Pendapatan neto/ Net revenues	Laba (rugi)/ Profit (loss)
PT Nusantara Regas	75.221.581	55.372.650	16.324.976	13.527	114.255.728	-	(1.732.050)
PT Gas Energi Jambi	1.222	20.613	274.630	-	(252.795)	-	(98.863)
Total/Total	75.222.803	55.393.263	16.599.606	13.527	114.002.933	-	(1.830.913)

Pada tanggal 14 April 2010, Perusahaan dan PT Pertamina (Persero) telah menandatangani Akta Pendirian PT Nusantara Regas, Joint Venture Company Floating Storage and Regasification Terminal (FSRT) gas alam cair (LNG) di Jawa Barat. Penandatanganan ini merupakan kelanjutan dari Perjanjian Pemegang Saham Pembentukan Perusahaan Joint Venture LNG FSRT yang telah ditandatangani pada tanggal 4 Februari 2010 (Catatan 37.8). Berdasarkan Akta Pendirian Perseroan Terbatas PT Nusantara Regas, maka pada tanggal 6 Mei 2010, Perusahaan melakukan penyeteroran investasi sebesar Rp200.000.000.000 (setara dengan US\$21.727.322) yang mencerminkan persentase kepemilikan sebesar 40%. PT Nusantara Regas bergerak dalam bidang pengelolaan dan pengembangan fasilitas FSRT termasuk pembelian LNG dan pemasaran atas hasil pengelolaan fasilitas FSRT.

Perusahaan melakukan penyeteroran investasi tambahan pada tanggal 27 Desember 2011 dan 10 Mei 2012 masing-masing sebesar Rp220.000.000.000 (setara dengan US\$24.202.420) dan Rp113.076.000.000 (setara dengan US\$12.228.398), di mana setelah penyeteroran tersebut, persentase kepemilikan Perusahaan tetap sebesar 40%. Pada tanggal 30 Mei 2013, Perusahaan menerima pendapatan dividen dari PT Nusantara Regas untuk laba bersih tahun 2012 sebesar US\$2.498.684.

On April 14, 2010, the Company and PT Pertamina (Persero) signed the Deed of Establishment of PT Nusantara Regas, a Joint Venture of Liquefied Natural Gas (LNG) Floating Storage and Regasification Terminal (FSRT) in West Java. The signing is a continuation of the Shareholders Agreement Establishment for a Joint Venture of LNG FSRT on February 4, 2010 (Note 37.8). Based on the Deed of Establishment of PT Nusantara Regas on May 6, 2010, the Company paid the investment amounting to Rp200,000,000,000 (equivalent to US\$21,727,322) which reflect the ownership interest of 40%. PT Nusantara Regas is engaged in the management and development of FSRT facilities including purchase of LNG and marketing of products arising from the operations of FSRT facilities.

The Company made additional investments on December 27, 2011 and May 10, 2012 amounting to Rp220,000,000,000 (equivalent to US\$24,202,420) and Rp113,076,000,000 (equivalent to US\$12,228,398), respectively, after such contribution, the Company maintains ownership interest of 40%. On May 30, 2013, the Company has received dividend income from PT Nusantara Regas for 2012 net income amounting to US\$2,498,684.

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13. PENYERTAAN SAHAM (lanjutan)

Pada tahun 2004, Perusahaan melakukan penyertaan saham pada PT Gas Energi Jambi yang bergerak dalam bidang transportasi dan distribusi gas bumi, dengan investasi sebesar Rp1.000.000.000 (setara dengan US\$111.452) yang merupakan persentase kepemilikan sebesar 40%. Pada tanggal 31 Desember 2013, 2012 dan 2011 nilai tercatat dari investasi adalah nihil sejalan dengan defisiensi modal yang dialami PT Gas Energi Jambi.

Perusahaan melakukan penyertaan saham pada PT Banten Gas Synergi yang bergerak dalam bidang transportasi dan distribusi gas bumi, dengan harga perolehan sebesar Rp25.000.000 (setara dengan US\$2.718) yang merupakan persentase kepemilikan sebesar 1%. Pada tanggal 14 November 2012, kepemilikan Perusahaan berubah menjadi 0,14% dikarenakan adanya penambahan setoran modal di PT Banten Gas Synergi.

14. ASET TETAP

Akun ini terdiri dari:

**13. INVESTMENTS IN SHARES OF STOCK
(continued)**

In 2004, the Company has invested in shares of stock of PT Gas Energi Jambi, which is engaged in transportation and distribution of natural gas, with investment amounting to Rp1,000,000,000 (equivalent to US\$111,452) which represents 40% ownership interest. As of December 31, 2013, 2012 and 2011 the carrying value of the investment is nil in line with capital deficiency incurred in PT Gas Energi Jambi.

The Company has invested in shares of stock of PT Banten Gas Synergi, which is engaged in transportation and distribution of natural gas, with acquisition cost amounting to Rp25,000,000 (equivalent to US\$2,718) which represents 1% ownership interest. On November 14, 2012, the Company's ownership interest was changed to 0.14% due to there was an additional of shares issuance in PT Banten Gas Synergi.

14. FIXED ASSETS

This account consists of:

2013				
Saldo Awal/ Beginning Balances	Penambahan/ Reklasifikasi/ Additions/ Reclassifications	Penyesuaian/ Pengurangan/ Reklasifikasi/ Adjustments/ Deductions/ Reclassifications	Saldo Akhir/ Ending Balances	
				At cost
				<u>Direct ownership</u>
				<i>Land</i>
<u>Harga perolehan</u>				
<u>Kepemilikan langsung</u>				
Tanah	58.609.544	1.308.314	66.695.919	
Bangunan dan prasarana	122.921.794	4.451.907	127.260.715	<i>Buildings and improvements</i>
Mesin dan peralatan	2.512.772.051	15.140.705	2.598.447.733	<i>Machineries and equipment</i>
Kendaraan bermotor	3.624.353	85.959	3.694.624	<i>Vehicles</i>
Peralatan kantor	10.549.090	2.051.268	12.825.290	<i>Office equipment</i>
Peralatan dan perabot	10.618.980	2.943.058	13.496.346	<i>Furnitures and fixtures</i>
<u>Aset dalam penevelaian</u>	235.329.249	300.183.236	447.319.968	<u>Construction in progress</u>
<u>Aset belum terpasang</u>	22.952.240	18.706.543	19.304.488	<u>Uninstalled assets</u>
				<u>Joint venture assets</u>
<u>Aset kerjasama operasi</u>				
Tanah	1.745.636	-	1.745.636	<i>Land</i>
Total	2.979.122.937	344.870.990	3.290.790.719	Total
				Accumulated depreciation
				<u>Direct ownership</u>
				<i>Buildings and improvements</i>
				<i>Machineries and equipment</i>
				<i>Vehicles</i>
				<i>Office equipment</i>
				<i>Furnitures and fixtures</i>
<u>Aset belum terpasang</u>	4.537.374	5.551.096	4.657.248	<u>Uninstalled assets</u>
Total akumulasi penyusutan	1.285.416.180	185.636.321	1.453.559.351	Total accumulated depreciation
Total nilai tercatat	1.693.706.757		1.837.231.368	Total carrying amount

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14. ASET TETAP (lanjutan)

14. FIXED ASSETS (continued)

		2012					
	Saldo Awal/ Beginning Balances	Penambahan/ Reklasifikasi/ Additions/ Reclassifications	Penyesuaian/ Pengurangan/ Reklasifikasi/ Adjustments/ Deductions/ Reclassifications	Saldo Akhir/ Ending Balances			
Harga perolehan					At cost		
<u>Kepemilikan langsung</u>					<u>Direct ownership</u>		
Tanah	57.734.779	771.577	103.188	58.609.544	Land		
Bangunan dan prasarana	114.765.535	7.478.155	678.104	122.921.794	Buildings and improvements		
Mesin dan peralatan	2.439.313.774	68.446.662	5.011.615	2.512.772.051	Machineries and equipment		
Kendaraan bermotor	3.038.312	587.117	(1.076)	3.624.353	Vehicles		
Peralatan kantor	9.837.149	818.334	(106.393)	10.549.090	Office equipment		
Peralatan dan perabot	6.356.822	4.254.300	7.858	10.618.980	Furnitures and fixtures		
<u>Aset dalam penyelesaian</u>	183.281.971	58.479.372	(6.432.094)	235.329.249	<u>Construction in progress</u>		
<u>Aset belum terpasang</u>	15.458.332	21.943.157	(14.449.249)	22.952.240	<u>Uninstalled assets</u>		
<u>Aset kerjasama operasi</u>					<u>Joint venture assets</u>		
Tanah	1.745.636	-	-	1.745.636	Land		
Total	2.831.532.310	162.778.674	(15.188.047)	2.979.122.937	Total		
Akumulasi penyusutan					Accumulated depreciation		
<u>Kepemilikan langsung</u>					<u>Direct ownership</u>		
Bangunan dan prasarana	30.521.603	6.548.466	13.137	37.083.206	Buildings and improvements		
Mesin dan peralatan	1.050.720.948	176.072.204	(291.714)	1.226.501.438	Machineries and equipment		
Kendaraan bermotor	2.387.477	356.299	884	2.744.660	Vehicles		
Peralatan kantor	7.183.138	1.591.327	(129.805)	8.644.660	Office equipment		
Peralatan dan perabot	3.263.901	2.829.715	(188.774)	5.904.842	Furnitures and fixtures		
<u>Aset belum terpasang</u>	3.965.488	2.006.744	(1.434.858)	4.537.374	<u>Uninstalled assets</u>		
Total akumulasi penyusutan	1.098.042.555	189.404.755	(2.031.130)	1.285.416.180	Total accumulated depreciation		
Total nilai tercatat	1.733.489.755			1.693.706.757	Total carrying amount		
		2011					
	Saldo Awal/ Beginning Balances	Penambahan/ Reklasifikasi/ Additions/ Reclassifications	Penyesuaian/ Pengurangan/ Reklasifikasi/ Adjustments/ Deductions/ Reclassifications	Saldo Akhir/ Ending Balances			
Harga perolehan					At cost		
<u>Kepemilikan langsung</u>					<u>Direct ownership</u>		
Tanah	61.516.462	3.723.821	(7.505.504)	57.734.779	Land		
Bangunan dan prasarana	113.519.720	4.077.227	(2.831.412)	114.765.535	Buildings and improvements		
Mesin dan peralatan	2.404.226.564	37.949.588	(2.862.378)	2.439.313.774	Machineries and equipment		
Kendaraan bermotor	3.249.115	110.260	(321.063)	3.038.312	Vehicles		
Peralatan kantor	9.759.000	1.660.481	(1.582.332)	9.837.149	Office equipment		
Peralatan dan perabot	4.537.271	2.375.979	(556.428)	6.356.822	Furnitures and fixtures		
<u>Aset dalam penyelesaian</u>	132.666.407	52.639.181	(2.023.617)	183.281.971	<u>Construction in progress</u>		
<u>Aset belum terpasang</u>	15.849.822	9.222.479	(9.613.969)	15.458.332	<u>Uninstalled assets</u>		
<u>Aset kerjasama operasi</u>					<u>Joint venture assets</u>		
Tanah	1.745.636	-	-	1,745.636	Land		
Total	2.747.069.997	111.759.016	(27.296.703)	2.831.532.310	Total		
Akumulasi penyusutan					Accumulated depreciation		
<u>Kepemilikan langsung</u>					<u>Direct ownership</u>		
Bangunan dan prasarana	24.089.196	6.411.327	21.080	30.521.603	Buildings and improvements		
Mesin dan peralatan	869.339.664	181.610.534	(229.250)	1.050.720.948	Machineries and equipment		
Kendaraan bermotor	2.435.833	259.021	(307.377)	2.387.477	Vehicles		
Peralatan kantor	7.306.600	1.669.550	(1.793.012)	7.183.138	Office equipment		
Peralatan dan perabot	2.866.358	1.168.518	(770.975)	3.263.901	Furnitures and fixtures		
<u>Aset belum terpasang</u>	3.633.902	1.708.856	(1.377.270)	3.965.488	<u>Uninstalled assets</u>		
Total akumulasi penyusutan	909.671.553	192.827.806	(4.456.804)	1.098.042.555	Total accumulated depreciation		
Total nilai tercatat	1.837.398.444			1.733.489.755	Total carrying amount		

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14. ASET TETAP (lanjutan)

Penambahan aset dalam penyelesaian termasuk kapitalisasi biaya pinjaman untuk tahun yang berakhir pada tanggal 31 Desember 2013, 2012 dan 2011 masing-masing sebesar US\$35.181, US\$1.235.636 dan US\$52.872.

Penyusutan yang dibebankan pada usaha masing-masing sebesar US\$185.636.321, US\$189.404.755 dan US\$192.827.806 untuk tahun yang berakhir pada tanggal 31 Desember 2013, 2012 dan 2011 (Catatan 27 dan 28).

Aset kerjasama operasi merupakan tanah milik Perusahaan di Surabaya yang digunakan oleh PT Citraagung Tirta Jatim untuk pembangunan pusat perbelanjaan dan tanah milik Kantor Pusat di Jakarta yang akan digunakan oleh PT Winatek Sinergi Mitra Bersama untuk pembangunan pusat perbelanjaan, fasilitas parkir dan fasilitas pendukung lainnya (Catatan 37.6).

Jangka waktu hak atas tanah (Hak Guna Bangunan) yang dimiliki oleh Perusahaan akan berakhir pada berbagai tanggal mulai dari Maret 2014 sampai tahun 2042 dan dapat diperpanjang.

Pada tanggal 31 Desember 2013, 2012 dan 2011, perincian dari aset dalam penyelesaian terdiri dari:

	2013	2012	2011	
Perusahaan				The Company
Proyek 1	235.821.573	43.611.740	9.799.928	Project 1
Proyek 2	51.692.521	50.882.512	70.751.911	Project 2
Proyek 3	99.625.303	111.178.001	77.348.050	Project 3
Lain-lain	55.108.425	25.155.737	15.756.106	Others
	442.247.822	230.827.990	173.655.995	
Entitas Anak	5.072.146	4.501.259	9.625.976	Subsidiaries
Total	447.319.968	235.329.249	183.281.971	Total

Proyek 1

Aset dalam penyelesaian dari proyek 1 terdiri dari:

- Proyek Pembangunan LNG *Floating Storage And Regasification Facilities (FSRF)*

Proyek ini mencakup:

- Pembangunan pipa *offshore* sepanjang kurang lebih 21 km dari fasilitas penambat FSRU (*mooring system*) ke *landfall* dan pipa *onshore* dengan panjang kurang lebih 1 km dari *landfall* ke Fasilitas Penerima *Onshore (ORF)* di Labuhan Maringgai;
- Pembangunan Fasilitas Penerima *Onshore (ORF)* di Labuhan Maringgai dengan kapasitas 240 mmscf/d;

14. FIXED ASSETS (continued)

The additions to construction in progress include capitalized borrowing costs for the year ended December 31, 2013, 2012 and 2011 amounting to US\$35,181, US\$1,235,636 and US\$52,872, respectively.

Depreciation charged to operations amounted to US\$185,636,321, US\$189,404,755 and US\$192,827,806 for the years ended December 31, 2013, 2012 and 2011 respectively (Notes 27 and 28).

Joint venture assets represent the Company's land in Surabaya which is used by PT Citraagung Tirta Jatim for shopping centre 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 (Note 37.6).

The terms of the landrights ("Hak Guna Bangunan") owned by the Company will be expired in various dates from March 2014 to 2042 and can be extended.

As of December 31, 2013, 2012 and 2011, the details of construction in progress consist of:

Project 1

Construction in progress of project consist of:

- LNG *Floating Storage And Regasification Facilities Project (FSRF)*

This project consists of:

- Construction of *offshore pipeline* in which the approximate length is 21 km from *mooring system* to *landfall area* and *onshore pipeline* with approximate length is 1 km from *landfall area* to *Onshore Receiving Facilities (ORF)* in Labuhan Maringgai;
- Construction of *Onshore Receiving Facilities (ORF)* in Labuhan Maringgai with capacity of 240 mmscf/d;

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14. ASET TETAP (lanjutan)

Proyek 1 (lanjutan)

- Proyek Pembangunan LNG *Floating Storage And Regasification Facilities (FSRF)* (lanjutan)

- Pembangunan *Off-Take Station (OTS)* di Labuhan Maringgai dengan kapasitas 80 mmscf.

LNG FSRF ini merupakan fasilitas untuk menunjang *Floating Storage and Regasification Unit (FSRU)*. FSRU adalah sebuah vessel dengan kapasitas penyimpanan 170.000 m³. FSRU tersebut memiliki kapasitas *send out rate* LNG sampai dengan 240 mmscf dengan *send out pressure* sebesar 1140 Psig. Proses transfer LNG dari LNG carrier ke FSRU menggunakan metode *ship to ship transfer* dengan kapasitas tingkat muatan 5.000 m³ per jam. Pembangunan FSRU ini dilengkapi dengan fasilitas penambat FSRU (*mooring system*).

- Proyek Distribusi Lampung

Proyek ini terdiri dari:

- Jalur Labuhan Maringgai - Tanjung Karang sepanjang ±88 km;
- Proyek Konsultan Manajemen (PMC) terkait pemasangan pipa baja.

Proyek Pembangunan LNG *Floating Storage And Regasification Facilities (FSRF)* dan Proyek Distribusi Lampung diperkirakan akan diselesaikan pada bulan Juni 2014.

Pada tanggal 31 Desember 2013, 2012 dan 2011, manajemen Perusahaan memperkirakan persentase penyelesaian Proyek 1 dalam aspek keuangan adalah sebesar 32,48% (tidak diaudit), 14,40% (tidak diaudit) dan 0% (tidak diaudit) (Catatan 45).

Proyek 2

Aset dalam penyelesaian dari Proyek 2 terdiri dari tiga paket:

- Paket *Invitation For Bid (IFB)* 4 terkait dengan pengadaan *Engineering, Supply & Installation for SCADA and Telecommunication System*;
- Paket *Construction Project (CP)* 8 terkait dengan pekerjaan konstruksi jalur pipa Panaran - Tanjung Uncang;
- Proyek Konsultan Manajemen (PMC).

14. FIXED ASSETS (continued)

Project 1 (continued)

- LNG *Floating Storage And Regasification Facilities Project (FSRF)* (continued)

- *Construction of Off-Take Station (OTS)* in Labuhan Maringgai with capacity of 80 mmscf.

LNG FSRF is a facility to support *Floating Storage and Regasification Unit (FSRU)*. FSRU is a vessel with storage capacity 170,000 m³. The FSRU will have *send out rate* LNG up to 240 mmscf with *send out pressure* up to 1140 Psig. LNG transfer system from LNG carrier to FSRU by ship to ship transfer method with capacity of loading rate 5,000 m³ per hour. The construction of FSRU is supported with *mooring system* facility.

- *Lampung Distribution Project*

This project consist of:

- *Labuhan Maringgai - Tanjung Karang* project ±88 km;
- *Project Management Consultancy (PMC)*.

The LNG *Floating Storage And Regasification Facilities Project (FSRF)* and *Lampung Distribution project* is expected to be completed in June 2014.

As of December 31, 2013, 2012 and 2011, the Company's management estimated the percentage of completion in financial terms of Project 1 were 32.48% (unaudited), 14.40% (unaudited) and 0% (unaudited), respectively (Note 45).

Project 2

Construction in progress of Project 2 consists of three packages as follows:

- *Package Invitation For Bid (IFB)* 4 related to *Engineering, Supply & Installation for SCADA and Telecommunication System*;
- *Package Construction Project (CP)* 8 related to *Panaran - Tanjung Uncang pipeline construction project*;
- *Project Management Consultancy (PMC)*.

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14. ASET TETAP (lanjutan)

Proyek 2 (lanjutan)

Pada tanggal 31 Desember 2013, 2012 dan 2011, manajemen Perusahaan memperkirakan persentase penyelesaian Proyek 2 dalam aspek keuangan adalah sebesar 77,14% (tidak diaudit), 74,00% (tidak diaudit) dan 62,74% (tidak diaudit) (Catatan 45).

Paket IFB 4 dan paket CP8 diperkirakan akan selesai pada bulan Maret 2014.

Proyek 3

Aset dalam penyelesaian dari Proyek 3 terdiri dari:

- Jalur Cikande - Bitung (CP3B) sepanjang ±30,5 km;
- Proyek Konsultan Manajemen (PMC) terkait proyek jalur Bojonegara - Cikande;
- Pemasangan pipa baja Muara Bekasi - Muara Karang sepanjang ±45 km (CP9);
- Proyek Konsultan Manajemen (PMC) terkait proyek jalur Muara Bekasi - Muara Karang.

Pada tanggal 31 Desember 2013, 2012 dan 2011, manajemen Perusahaan memperkirakan persentase penyelesaian Proyek 3 dalam aspek keuangan adalah sebesar 73,14% (tidak diaudit), 75,00% (tidak diaudit) dan 51,85% (tidak diaudit) (Catatan 45).

Proyek Jalur Cikande - Bitung (CP3B) diperkirakan akan diselesaikan pada akhir tahun 2014 dan pemasangan pipa baja Muara Bekasi - Muara Karang diperkirakan akan selesai pada tahun 2015.

Pada tanggal 31 Desember 2013, aset tetap Perusahaan diasuransikan terhadap kerugian akibat kebakaran dan risiko lain berdasarkan suatu paket polis tertentu dengan total nilai pertanggungan untuk pipa *onshore* sebesar US\$50.000.000 untuk setiap kejadian kerugian atas nilai pertanggungan sebesar US\$886.976.259 dan pipa *offshore* sebesar US\$336.463.804 untuk setiap kejadian kerugian dan US\$35.169.518 dan Rp14.357.458.909.905 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 pipa *onshore* sebesar US\$10.000.000 dan pipa *offshore* sebesar US\$20.000.000 untuk setiap kejadian kerugian, sebesar US\$11.163.897 dan Rp12.702.673.867 untuk aset lainnya.

14. FIXED ASSETS (continued)

Project 2 (continued)

As of December 31, 2013, 2012 and 2011, the Company's management estimated the percentage of completion in financial terms of Project 2 were 77.14% (unaudited), 74.00% (unaudited) and 62.74% (unaudited), respectively (Note 45).

Package IFB 4 and package CP8 is expected to be completed in March 2014.

Project 3

Construction in progress of Project 3 consists of:

- Cikande - Bitung pipeline (CP3B) length ±30.5 km;
- Project Management Consultancy (PMC) related to Bojonegara - Cikande pipeline project;
- Muara Bekasi - Muara Karang pipeline project ±45 km (CP9);
- Project Management Consultancy (PMC) related to Muara Bekasi - Muara Karang pipeline project.

As of December 31, 2013, 2012 and 2011, the Company's management estimated the percentage of completion in financial terms of Project 3 were 73.14% (unaudited), 75.00% (unaudited) and 51.85% (unaudited), respectively (Note 45).

Cikande - Bitung pipeline project (CP3B) is expected to be completed at the end of 2014 and fitting of steel pipe on Muara Bekasi - Muara Karang is expected to be completed in 2015.

As of December 31, 2013, fixed assets are covered by insurance against losses from fire and other risks under certain blanket policies for with sum insured for onshore pipeline of US\$50,000,000 for any one accident or occurrence of sum insured totaling US\$886,976,259 and offshore pipeline of US\$336,463,804 for anyone accident or occurrence and US\$35,169,518 and Rp14,357,458,909,905 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 onshore pipeline of US\$10,000,000 and offshore pipeline of US\$20,000,000 for any one accident or occurrence, US\$11,163,897 and Rp12,702,673,867 for other assets.

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14. ASET TETAP (lanjutan)

Manajemen Kelompok Usaha berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kemungkinan kerugian atas aset yang dipertanggungkan.

Pada tanggal 31 Desember 2013, 2012 dan 2011 jumlah harga perolehan aset tetap Kelompok Usaha yang telah disusutkan penuh dan masih digunakan dalam kegiatan operasional adalah masing-masing sebesar US\$91.879.491, US\$89.423.517 dan US\$37.551.500.

Pada tanggal 31 Desember 2013, 2012 dan 2011 nilai wajar aset tetap Perusahaan masing-masing adalah sekitar sebesar US\$7.005.143.594, US\$7.263.449.002 dan US\$7.470.388.718.

Berdasarkan penilaian manajemen Kelompok Usaha, tidak ada kejadian-kejadian atau perubahan-perubahan keadaan yang mengindikasikan penurunan nilai aset tetap pada tanggal 31 Desember 2013, 2012 dan 2011.

15. ASET MINYAK DAN GAS

Akun ini terdiri dari:

a. Aset Eksplorasi dan Evaluasi

	Jumlah/ Amount
Saldo 31 Desember 2010	-
Penambahan	42.660
Saldo 31 Desember 2011	42.660
Penambahan	10.397
Saldo 31 Desember 2012	53.057
Penambahan	-
Saldo 31 Desember 2013	53.057

b. Properti Minyak dan Gas - Neto

	2013
Sumur dan perlengkapan terkait dan fasilitasnya	554.612.631
Akumulasi penyusutan, deplesi, amortisasi dan cadangan penurunan nilai	(121.994.665)
Nilai Buku Neto	432.617.966

Aset minyak dan gas terdiri dari aset eksplorasi dan evaluasi untuk GMB Lematang PSC, sedangkan properti minyak dan gas untuk Ketapang, Bangkanai dan Ujung Pangkah PSC (Catatan 37.18).

Pada bulan Maret 2013, SEI memperoleh *participating interest* sebesar 20% pada Blok Ketapang di Jawa Timur melalui PT Saka Ketapang Perdana (SKP), Entitas Anak dari SEI (Catatan 37.20).

14. FIXED ASSETS (continued)

The management of the Group believes that the sum insured are adequate to cover possible losses from such risks.

As of December 31, 2013, 2012 and 2011 the cost of the Group's fixed assets which have been fully depreciated and still used in the operational activities amounted to US\$91,879,491, US\$89,423,517 and US\$37,551,500, respectively.

As of December 31, 2013, 2012 and 2011 the fair values of the Company's fixed assets approximately amounted to US\$7,005,143,594, US\$7,263,449,002 and US\$7,470,388,718, respectively.

Based on the assessment of the management of the Group, there are no events or changes in circumstances which may indicate impairment in value of fixed assets as of December 31, 2013, 2012 and 2011.

15. OIL AND GAS ASSETS

This account consists of:

a. Exploration and Evaluation Assets

	Balance December 31, 2010
	<i>Additions</i>
Balance December 31, 2011	
	<i>Additions</i>
Balance December 31, 2012	
	<i>Additions</i>
Balance December 31, 2013	

b. Oil and Gas Properties – Net

	2013	
Wells and related equipment and facilities	554.612.631	
Accumulated depreciation, depletion, amortization, and impairment reserves	(121.994.665)	
Net Book Value	432.617.966	

Oil and gas assets consist of exploration and evaluation assets at the CBM Lematang PSC and oil and gas properties at the Ketapang, Bangkanai and Ujung Pangkah PSC (Note 37.18).

In March 2013, SEI acquired *participating interest* of 20% in Ketapang Block in East Java through of PT Saka Ketapang Perdana (SKP), a SEI's Subsidiary (Note 37.20).

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15. ASET MINYAK DAN GAS (lanjutan)

b. Properti Minyak dan Gas - Neto (lanjutan)

Pada bulan Mei 2013, SEI memperoleh *participating interest* sebesar 30% pada Blok Bangkanai di Kalimantan melalui PT Saka Bangkanai Klemantan (SBK), Entitas Anak dari SEI (Catatan 37.21).

Pada bulan Juni 2013, SEI memperoleh *participating interest* sebesar 25% di Blok Ujung Pangkah di Jawa Timur melalui pengambilalihan saham KIP dari Kuwait Foreign Petroleum Company K.S.C. (Closed) dengan kepemilikan saham sebesar 100%.

Pada tanggal 31 Desember 2013, seluruh sumur, perlengkapan dan fasilitas terkait yang dimiliki Entitas Anak yang bergerak di bidang eksplorasi dan produksi minyak dan gas bumi diasuransikan dengan nilai pertanggungan sebesar US\$814.809.312.

Berdasarkan penilaian manajemen Kelompok Usaha, tidak ada kejadian-kejadian atau perubahan-perubahan keadaan yang mengindikasikan penurunan nilai aset minyak dan gas pada tanggal 31 Desember 2013.

16. GOODWILL DAN ASET TAK BERWUJUD LAINNYA

Seperti diungkapkan pada Catatan 1, Kelompok Usaha melalui SEI melakukan akuisisi atas 100% kepemilikan saham pada KIP. KIP adalah entitas non-publik yang didirikan di Belanda dan memiliki sebesar 25% *participating interest* atas Ujung Pangkah PSC.

Nilai wajar sementara dari aset dan liabilitas teridentifikasi KIP pada tanggal akuisisi (26 Juni 2013) adalah:

	Nilai Wajar Sementara/ Provisional Fair Value
Aset	
Kas dan setara kas	23.587
Piutang lain-lain	25.318.546
Persediaan	7.577.980
Beban dibayar dimuka	4.810.491
Pajak dibayar dimuka	11.921.146
Properti minyak dan gas	243.256.222
Sub-total	292.907.972
Liabilitas	
Utang lain-lain	29.034.949
Utang kepada pihak berelasi	8.459.834
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	17.250.083
Sub-total	54.744.866

15. OIL AND GAS ASSETS (continued)

b. Oil and Gas Properties - Net (continued)

In May 2013, SEI acquired *participating interest* of 30% in Bangkanai Block in Kalimantan through PT Saka Bangkanai Klemantan (SBK), SEI's Subsidiary (Note 37.21).

In June 2013, SEI acquired *participating interest* of 25% in Ujung Pangkah Block in East Java, through shares takeover of KIP from Kuwait Foreign Petroleum Company K.S.C. (Closed) with percentage shares ownership of 100%.

As of December 31, 2013, all wells and related equipment and facilities of Subsidiaries involved in oil and gas exploration and production activities were insured with sum insured of US\$814,809,312.

Based on the assessment of the management of the Group, there are no events or changes in circumstances which may indicate impairment in value of oil and gas assets as of December 31, 2013.

16. GOODWILL AND OTHER INTANGIBLE ASSETS

As discussed in Note 1, the Group, through SEI, acquired 100% equity interests in KIP. KIP is an unlisted company incorporated in Netherland and ownership 25% of *participating interest* in Ujung Pangkah PSC.

The provisional fair values of the identifiable assets and liabilities of KIP as at the date of acquisition (June 26, 2013) were:

	Assets
Cash and cash equivalents	
Other receivables	
Inventories	
Prepaid expenses	
Prepaid taxes	
Oil and gas properties	
Sub-total	
Liabilities	
Other payables	
Loan to related party	
Asset abandonment and restoration obligations and other provisions	
Sub-total	

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**16. GOODWILL DAN ASET TAK BERWUJUD
LAINNYA (lanjutan)**

**16. GOODWILL AND OTHER INTANGIBLE ASSETS
(continued)**

	<u>Nilai Wajar Sementara/ Provisional Fair Value</u>	
Nilai wajar aset bersih teridentifikasi	238.163.106	Total identifiable net assets at fair values
Goodwill atas akuisisi	21.688.712	Goodwill arising on acquisition
Imbalan pembelian yang dialihkan	259.851.818	Purchase consideration transferred
Dikurangi kas yang diperoleh dari Entitas Anak yang diakuisisi	23.587	Net cash of the acquired Subsidiary
Akuisisi Entitas Anak, setelah dikurangi kas yang diperoleh	259.828.231	Acquisition of a Subsidiary, net of cash acquired

Nilai wajar yang disajikan pada tanggal 31 Desember 2013 adalah jumlah sementara mengingat kompleksitas dari akuisisi dan sifat ketidakpastian yang inheren dari sektor minyak dan gas, terutama dalam menentukan penilaian properti minyak dan gas. Reviu atas nilai wajar aset dan liabilitas yang diakuisisi akan diselesaikan paling lambat dalam 12 bulan sejak tanggal akuisisi.

The fair values disclosed are provisional as of December 31, 2013 due to the complexity of the acquisition and the inherently uncertain nature of the oil and gas sector, particularly in valuing oil and gas property. The review of the fair value of the assets and liabilities acquired will be completed within 12 months of the acquisition at the latest.

Saldo goodwill sebesar US\$21 juta timbul terutama dari faktor-faktor berikut:

The goodwill of US\$21 million arises principally because of the following factors:

- 1) Nilai kesinambungan usaha yang terkandung dalam kemampuan untuk mempertahankan dan mengembangkan usaha Kelompok Usaha dengan meningkatkan cadangan dan sumber melalui penemuan baru.
- 2) Entry strategis untuk memperoleh tambahan participating interest pada blok Ujung Pangkah.
- 3) Persyaratan pengakuan aset dan liabilitas pajak tangguhan atas perbedaan nilai wajar yang dialokasikan dengan dasar pengenaan pajak dari aset teridentifikasi yang diperoleh dan liabilitas yang diambil alih dalam kombinasi bisnis yang tidak mencerminkan nilai wajar.

- 1) The going concern value implicit in our ability to sustain and/or grow the Group business by increasing reserves and resources through new discoveries.
- 2) The strategic entry point to obtain additional participating interest in Ujung Pangkah block.
- 3) The requirement to recognize deferred tax assets and liabilities for the difference between the assigned fair values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value.

Goodwill tersebut tidak diharapkan dapat dikurangkan untuk tujuan pelaporan pajak.

The goodwill is not expected to be deductible for tax purposes.

Imbalan pembelian KIP tersebut termasuk akuisisi atas utang KIP kepada Kuwait Foreign Petroleum Exploration Company K.S.C. (Closed) sebesar US\$185.574.992.

The purchase consideration including acquired of KIP'S loan to Kuwait Foreign Petroleum Exploration Company K.S.C. (Closed) amounting to US\$185,574,992.

Perubahan dalam akun goodwill dan aset tak berwujud lainnya untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013 dan 2012 adalah sebagai berikut:

The changes in the goodwill and other intangible assets accounts for the years ended December 31, 2013 and 2012 are as follows:

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LAINNYA (lanjutan)**

**16. GOODWILL AND OTHER INTANGIBLE ASSETS
(continued)**

	2013	2012	2011	
<u>Harga perolehan:</u>				<u>Cost:</u>
Goodwill	21.744.090	-	-	Goodwill
Piranti lunak komputer	2.696.335	1.592.007	-	Computer software
Biaya perpanjangan hak atas tanah	1.972.554	1.612.407	1.454.863	Land rights
Sub-total	26.412.979	3.204.414	1.454.863	Sub-total
<u>Akumulasi amortisasi:</u>				<u>Accumulated amortization:</u>
Piranti lunak komputer	(392.494)	(66.333)	-	Computer software
Biaya perpanjangan hak atas tanah	(310.456)	(250.293)	(225.067)	Land rights
Sub-total	(702.950)	(316.626)	(225.067)	Sub-total
Total	25.710.029	2.887.788	1.229.796	Total

Saldo *goodwill* di atas, termasuk saldo *goodwill* dari akuisisi TDS oleh PGASKOM sebesar US\$55.378 (Catatan 1.d).

The above balance of goodwill, including goodwill from acquisition of TDS by PGASKOM amounted to US\$55,378 (Note 1.d).

Pengujian penurunan nilai atas *goodwill* dilakukan secara tahunan dan ketika terdapat suatu indikasi bahwa nilai tercatatnya mengalami penurunan.

Goodwill is tested for impairment annually and when circumstances indicate the carrying value may be impaired.

Goodwill sebesar US\$21 juta dialokasikan sepenuhnya kepada properti minyak dan gas dari KIP. Unit Penghasil Kas (UPK) KIP merupakan bagian dari segmen minyak dan gas yang dilaporkan. Nilai yang dapat dipulihkan atas UPK KIP sebesar US\$280 juta pada tanggal 31 Desember 2013 ditentukan berdasarkan nilai pakai yang dihitung berdasarkan proyeksi arus kas yang didasarkan pada anggaran/prakiraan keuangan yang disetujui oleh manajemen senior mencakup periode 5 tahun. Tingkat diskonto sebelum pajak yang digunakan dalam proyeksi arus kas adalah 8,3% dan arus kas melebihi periode 5 tahun diekstrapolasi dengan menggunakan tingkat pertumbuhan 2% yang merupakan tingkat pertumbuhan rata-rata jangka panjang dari industri minyak dan gas. Sebagai hasil dari analisa tersebut, manajemen tidak mengidentifikasi adanya penurunan nilai dari UPK ini.

The goodwill of US\$21 million is allocated entirely to oil and gas properties of KIP. The KIP CGU forms part of the oil and gas reportable segment. The recoverable amount of the KIP oil and gas CGU of US\$280 million as of December 31, 2013 has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 8.3%, and cash flows beyond the five-year period are extrapolated using a 2% growth rate that is the same as the long-term average growth rate for the oil and gas sector. As a result of the analysis, management did not identify an impairment for this CGU.

Pengujian penurunan nilai atas *goodwill* dilakukan secara tahunan dan ketika terdapat suatu indikasi bahwa nilai tercatatnya mengalami penurunan.

Goodwill is tested for impairment annually and when circumstances indicate the carrying value may be impaired.

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Asumsi utama yang digunakan untuk perhitungan nilai pakai sebagai dasar pengujian penurunan nilai goodwill tahun 2013 adalah sebagai berikut:

- 1) Tingkat diskonto
Tingkat diskonto mencerminkan penilai pasar kini dari risiko yang spesifik atas unit penghasil kas, dengan mempertimbangkan nilai waktu uang dan risiko spesifik atas aset yang mana estimasi arus kas masa depan belum disesuaikan. Peningkatan tingkat diskonto menjadi 9,2% mungkin dapat mengakibatkan penurunan nilai.
- 2) Harga minyak dan gas
Manajemen menentukan harga minyak berdasarkan kepada ekspektasi perkembangan pasar dan harga gas berdasarkan kepada kontrak penjualan gas bumi. Penurunan harga minyak di bawah US\$100 per barel mungkin dapat mengakibatkan penurunan nilai.

17. UTANG USAHA

Akun ini terdiri dari:

	2013	2012	2011
<u>Entitas berelasi dengan Pemerintah</u> (Catatan 35)			
PT Pertamina EP	72.661.777	51.590.101	15.545.068
PT Nusantara Regas	15.690.534	2.672.099	-
PT Pertamina Hulu Energi	4.141.879	2.764.020	3.560.046
PT Pertamina Gas	1.649.524	969.305	3.054.299
<u>Pihak ketiga</u>			
PT Medco E&P Indonesia	20.032.059	10.545.215	8.298.605
ConocoPhillips (Grissik) Ltd.	15.841.538	92.360.676	9.338.384
Santos (Madura Offshore) Pty. Ltd.	11.744.484	3.700.468	16.971.552
PT Indogas Kriya Dwiguna	2.606.582	8.042.686	-
PT Sarana Indo Energi	2.210.446	801.467	-
PT Sadikun Niagamas Raya	1.969.420	3.427.722	-
PT Walinusa Energi	1.895.866	2.270.537	-
Kangean Energy Indonesia Ltd.	1.760.695	1.760.695	1.760.695
PT Taruko Energy	1.731.660	1.504.204	-
PT Bayu Buana Gemilang	1.284.623	4.727.637	-
PT Nugas Trans Energy	1.024.811	273.157	-
PT Niaga Gema Teknologi	1.013.524	36.092	-
Lapindo Brantas, Inc.	499.360	470.882	267.362
PT Inti Daya Latu Prima	237.305	574.281	-
PT Gresik Migas	162.990	11.237	928.718
PT Granary Global Energy (US\$126.903 dan Rp258.804.330 pada tahun 2013 dan US\$30.862 dan Rp64.704.101 pada tahun 2012)	148.135	37.553	-
PT Petross Gas (US\$9.091 dan Rp50.871.099)	13.264	-	-
PT Pertiwi Nusantara Resources	-	590.928	1.424.882
Total	158.320.476	189.130.962	61.149.611

**16. GOODWILL AND OTHER INTANGIBLE ASSETS
(continued)**

Key assumptions used for the value-in-use calculation as the basis of the impairment test for goodwill in 2013 are as follows:

- 1) Discount rates
Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. A rise in discount rate to 9.2% would result in impairment.
- 2) Oil and gas prices
Management determined the oil price based on its expectations of market development, and the gas price based on the gas sales contract. A decrease in oil price below US\$100 per barrel would result in impairment.

17. TRADE PAYABLES

This account consists of:

	2013	2012	2011
<u>Government-related entities</u> (Note 35)			
PT Pertamina EP	72.661.777	51.590.101	15.545.068
PT Nusantara Regas	15.690.534	2.672.099	-
PT Pertamina Hulu Energi	4.141.879	2.764.020	3.560.046
PT Pertamina Gas	1.649.524	969.305	3.054.299
<u>Third parties</u>			
PT Medco E&P Indonesia	20.032.059	10.545.215	8.298.605
ConocoPhillips (Grissik) Ltd.	15.841.538	92.360.676	9.338.384
Santos (Madura Offshore) Pty. Ltd.	11.744.484	3.700.468	16.971.552
PT Indogas Kriya Dwiguna	2.606.582	8.042.686	-
PT Sarana Indo Energi	2.210.446	801.467	-
PT Sadikun Niagamas Raya	1.969.420	3.427.722	-
PT Walinusa Energi	1.895.866	2.270.537	-
Kangean Energy Indonesia Ltd.	1.760.695	1.760.695	1.760.695
PT Taruko Energy	1.731.660	1.504.204	-
PT Bayu Buana Gemilang	1.284.623	4.727.637	-
PT Nugas Trans Energy	1.024.811	273.157	-
PT Niaga Gema Teknologi	1.013.524	36.092	-
Lapindo Brantas, Inc.	499.360	470.882	267.362
PT Inti Daya Latu Prima	237.305	574.281	-
PT Gresik Migas	162.990	11.237	928.718
PT Granary Global Energy (US\$126,903 and Rp258,804,330 in 2013 and US\$30,862 and Rp64,704,101 in 2012)	148.135	37.553	-
PT Petross Gas (US\$9,091 and Rp50,871,099)	13.264	-	-
PT Pertiwi Nusantara Resources	-	590.928	1.424.882
Total	158.320.476	189.130.962	61.149.611

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17. UTANG USAHA (lanjutan)

Analisa umur utang usaha dihitung sejak tanggal faktur adalah sebagai berikut:

	2013	2012	2011
Sampai dengan 1 bulan	94.288.907	80.065.821	59.385.963
> 1 bulan - 3 bulan	9.910.994	107.301.449	2.953
> 3 bulan - 6 bulan	-	-	-
> 6 bulan - 1 tahun	26.010.919	-	-
> 1 tahun	28.109.656	1.763.692	1.760.695
Total	158.320.476	189.130.962	61.149.611

Utang usaha tidak dikenakan bunga dan umumnya dibayar antara 10 sampai 30 hari sejak tanggal faktur diterima.

Utang usaha atas pembelian gas bumi ke Pertamina, telah dikurangi piutang usaha atas penjualan gas ke Stasiun Pengisian Bahan Bakar Gas (SPBG) milik Pertamina EP di Jakarta dan piutang atas transportasi gas ke pelanggan tertentu Pertamina masing-masing sebesar US\$15.439, US\$11.727 dan US\$17.741 pada tanggal 31 Desember 2013, 2012 dan 2011 (Catatan 37.1).

18. PINJAMAN BANK JANGKA PENDEK

Akun ini terdiri dari:

	2013
Bank of Tokyo Mitsubishi – UFJ, Cabang Jakarta	200.000.000
PT Bank Sumitomo Mitsui Indonesia	100.000.000
Total	300.000.000

Bank of Tokyo Mitsubishi - UFJ (BTMU)

Berdasarkan perjanjian No. 13-0931LN pada tanggal 27 Desember 2013, BTMU menyetujui untuk memberikan pinjaman jangka pendek kepada Perusahaan senilai US\$200.000.000 untuk mendukung modal kerja. Jangka waktu fasilitas kredit adalah 12 bulan sejak tanggal 27 Desember 2013 dan dikenakan tingkat suku bunga BBA LIBOR plus margin 1,25% per tahun dan biaya upfront fee 0,20%.

PT Bank Sumitomo Mitsui Indonesia (BSMI)

Berdasarkan perjanjian No. BSMI/NS/0298 pada tanggal 24 Desember 2013, BSMI menyetujui untuk memberikan pinjaman jangka pendek kepada Perusahaan senilai US\$100.000.000 untuk mendukung modal kerja. Jangka waktu fasilitas kredit adalah 12 bulan sejak tanggal 24 Desember 2013 dan dikenakan tingkat suku bunga BBA LIBOR plus margin 1,25% per tahun dan biaya upfront fee dan komitmen sebesar 0,20%.

17. TRADE PAYABLES (continued)

The aging analysis of trade payables based on invoice dates are as follows:

	2013	2012	2011
Up to 1 month	94.288.907	80.065.821	59.385.963
> 1 month - 3 months	9.910.994	107.301.449	2.953
> 3 months - 6 months	-	-	-
> 6 months - 1 year	26.010.919	-	-
> 1 year	28.109.656	1.763.692	1.760.695
Total	158.320.476	189.130.962	61.149.611

Trade payables are non-interest bearing and are normally settled within 10 to 30 days since invoice were received.

The outstanding payable to Pertamina for the gas purchases has been reduced by the trade receivables totaling US\$15,439, US\$11,727 and US\$17,741 as of December 31, 2013, 2012 and 2011 respectively, relating to the sale of gas to Pertamina EP's fuel gas filling stations (SPBG) in Jakarta and gas transmission to certain Pertamina's customers (Note 37.1).

18. SHORT-TERM BANK LOANS

This account consists of:

	2013
Bank of Tokyo Mitsubishi – UFJ, Cabang Jakarta	200.000.000
PT Bank Sumitomo Mitsui Indonesia	100.000.000
Total	300.000.000

Bank of Tokyo Mitsubishi - UFJ (BTMU)

Based on the Loan Agreement No. 13-0931LN dated December 27, 2013, BTMU agreed to provide short-term loan to the Company amounting to US\$200,000,000 to support general corporate purposes. The term of the credit facility is valid for 12 months since December 27, 2013 and subject to the three months BBA LIBOR interest rate plus margin 1.25% per annum and upfront fee 0.20%.

PT Bank Sumitomo Mitsui Indonesia (BSMI)

Based on The Loan Agreement No. BSMI/NS/0298 dated December 24, 2013, BSMI agreed to provide short-term loan to the Company amounting to US\$100,000,000 to support general corporate purposes. The term of the credit facility is valid for 12 months since December 24, 2013 and subject to the three months BBA LIBOR interest rate plus margin 1.25% per annum and upfront fee and commitment fee 0.20%.

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18. PINJAMAN BANK JANGKA PENDEK (lanjutan)

Perjanjian-perjanjian pinjaman mencakup pembatasan-pembatasan yaitu selama pinjaman atau jumlah lain yang wajib dibayar masih belum dilunasi, Perusahaan tidak boleh tanpa persetujuan tertulis dari Bank, melakukan transaksi dengan pihak lain kecuali untuk yang dilakukan secara wajar (*on an arm's length basis*), melakukan konsolidasi atau merger dengan perusahaan lain, menyewakan, memindahtangankan, mengalihkan atau melepaskan aset-asetnya, kecuali untuk tujuan kegiatan bisnisnya sehari-hari, mengadakan pengikatan hak tanggungan atas harta tak bergerak, atau menjaminkan asetnya atau menjual, menyewakan atau melepaskan asetnya dalam satu atau lebih transaksi atau serangkaian transaksi yang bersifat independen atau yang saling berkaitan selain daripada transaksi-transaksi yang dilakukan secara wajar (*on an arm's length basis*) dengan imbalan penuh dalam kegiatan usaha sehari-hari.

Selama pinjaman masih terutang, Perusahaan diwajibkan oleh kedua bank tersebut untuk mematuhi rasio keuangan sebagai berikut:

- Perbandingan antara utang kotor dan ekuitas tidak lebih dari 70:30;
- *Debt service coverage ratio* tidak kurang dari 1,3x.

Pada tanggal 31 Desember 2013, Perusahaan telah memenuhi seluruh rasio keuangan yang dipersyaratkan dalam perjanjian-perjanjian pinjaman.

19. UTANG LAIN-LAIN

Akun ini terdiri dari:

	2013	2012	2011
<u>Bagian utang yang jatuh tempo dalam waktu satu tahun:</u>			
Liabilitas kepada kontraktor dan pemasok (US\$10.237.448 dan Rp163.833.383.639 pada tahun 2013, US\$2.128.386 dan Rp42.271.302.332 pada tahun 2012 dan US\$5.148.724 dan Rp9.740.548.894 pada tahun 2011)	23.678.534	6.499.772	6.222.891
Cash call	16.077.556	-	-
Jaminan gas (US\$8.873.261 dan Rp41.305.241.917 pada tahun 2013, US\$7.668.793 dan Rp37.044.950.263 pada tahun 2012 dan US\$4.626.781 dan Rp33.194.576.543 pada tahun 2011)	12.261.992	11.499.709	8.287.409

18. SHORT-TERM BANK LOANS (continued)

The loan agreements include general covenants which are so long as the loan or any other amount payable hereunder is outstanding, the Company shall not without prior written approval from the Banks, enter into any transaction with any party other than on an arm's length basis, consolidate with or merge into any other company, lease, assign, transfer or otherwise dispose its assets, except in the ordinary course of its business, create any security right on its non-movables assets, sell or lease or otherwise dispose of its assets by one or more transactions or a series of independent or interrelated transactions other than arm's length basis with full consideration in the ordinary course of business.

As long as the loans remaining outstanding, the Company is required by both of banks to comply with the financial covenants ratio as follows:

- *Maximum gross debt to equity ratio* of 70:30;
- *Minimum debt service coverage ratio* of 1.3x.

As of December 31, 2013, the Company has complied with all financial ratios required to be maintained under the loan agreements.

19. OTHER PAYABLES

This account consists of:

	2013	2012	2011
<u>Current maturities of payables:</u>			
Liabilities to contractors and suppliers (US\$10,237,448 and Rp163,833,383,639 in 2013, US\$2,128,386 and Rp42,271,302,332 in 2012 and US\$5,148,724 and Rp9,740,548,894 in 2011)	23.678.534	6.499.772	6.222.891
Cash call	16.077.556	-	-
Gas guarantee deposits (US\$8,873,261 and Rp41,305,241,917 in 2013, US\$7,668,793 and Rp37,044,950,263 in 2012 and US\$4,626,781 and Rp33,194,576,543 in 2011)	12.261.992	11.499.709	8.287.409

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19. UTANG LAIN-LAIN (lanjutan)

19. OTHER PAYABLES (continued)

	2013	2012	2011	
<u>Bagian utang yang jatuh tempo dalam waktu satu tahun (lanjutan):</u>				<u>Current maturities of payables (continued):</u>
PT Riau Andalan Pulp and Paper	1.902.108	1.893.280	1.886.987	<i>PT Riau Andalan Pulp and Paper</i>
Pembelian barang dan jasa (US\$227.290 dan Rp14.087.711.604 pada tahun 2013, Rp29.535.588.316 pada tahun 2012 dan US\$379.349 dan Rp8.415.809.128 pada tahun 2011)	1.383.063	3.054.352	1.307.427	<i>Purchase of goods and services (US\$227,290 and Rp14,087,711,604 in 2013, Rp29,535,588,316 in 2012 and US\$379,349 and Rp8,415,809,128 in 2011)</i>
Jaminan masa konstruksi proyek ConocoPhillips (Grissik) Ltd.	591.852	751.420	1.112.958	<i>Project performance bonds ConocoPhillips (Grissik) Ltd.</i>
Lain-lain (Rp18.947.412.384 pada tahun 2013, Rp9.065.962.591 pada tahun 2012 dan Rp11.163.445.343 pada tahun 2011)	159.662	123.775	744.970	<i>Others (Rp18,947,412,384 in 2013, Rp9,065,962,591 in 2012 and Rp11,163,445,343 in 2011)</i>
Sub-total	1.554.467	978.596	1.222.422	<i>Sub-total</i>
<u>Bagian jangka panjang:</u>				<u>Long-term portion:</u>
Liabilitas pajak atas First Tranche Petroleum (FTP)	13.994.894	-	-	<i>Tax payable on First Tranche Petroleum (FTP)</i>
Total	71.604.128	24.800.904	20.785.064	Total

Liabilitas kepada kontraktor dan pemasok merupakan liabilitas sehubungan dengan pembangunan gedung Proyek 2 dan Proyek 3 (Catatan 14 dan 20).

Liabilities to contractors and suppliers represents mainly liabilities related to the construction of building for Project 2 and Project 3 (Notes 14 and 20).

Utang *cash call* merupakan utang kepada operator yang berkaitan dengan kegiatan operasional di blok Ujung Pangkah dan Ketapang.

Cash call payables represent payables to operator related with operational activities in Ujung Pangkah and Ketapang blocks.

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 lancar lainnya kepada PT Riau Andalan Pulp and Paper (RAPP) terkait dengan Perjanjian Jual Beli Gas (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.

Other payables to PT Riau Andalan Pulp and Paper (RAPP) is related to Gas Sales and Purchase Agreement (GSPA). Based on this agreement, RAPP agreed to build facilities such as gas pipelines, metering station and other facilities and those will be compensated by RAPP's usage of gas.

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.

Liabilitas kepada ConocoPhillips (Grissik) Ltd. merupakan utang atas pemakaian gas untuk pengoperasian kompresor Transgasindo.

Liability to ConocoPhillips (Grissik) Ltd. represents liability for the usage of gas in order to operate the Transgasindo's compressors.

Liabilitas pajak atas *First Tranche Petroleum (FTP)* merupakan bagian kurang bayar pajak penghasilan badan dan pajak dividen untuk FTP atas bagian SIP untuk tahun pajak 2007 sampai 2013. SIP akan membayar pajak tersebut jika terdapat "*Equity to Be Split*" dari penjualan minyak dan gas.

Tax payable on First Tranche Petroleum (FTP) is part of underpayment of income tax and dividend tax on FTP from SIP for fiscal years 2007 until 2013. SIP will pay the tax if there is "Equity to Be Split" from the sale of oil and gas.

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20. LIABILITAS YANG MASIH HARUS DIBAYAR

Akun ini terdiri dari:

	2013	2012	2011
Liabilitas kepada kontraktor dan pemasok (US\$136.985.504, SG\$86.000 dan Rp241.560.468.423 pada tahun 2013, US\$2.817.300, JPY447.153.935 dan Rp98.520.381.827 pada tahun 2012 dan US\$7.023.264, JPY201.612.780 dan Rp97.937.619.787 pada tahun 2011)	156.871.426	18.183.340	20.420.718
Pembelian aset tetap	9.712.549	7.585.900	5.207.518
Bunga (US\$1.521.017 dan JPY191.071.659 pada tahun 2013, US\$1.786.611 dan JPY139.479.962 pada tahun 2012 dan US\$2.102.748 dan JPY138.431.974 pada tahun 2011)	3.342.068	3.401.710	3.885.968
Jasa konsultan (Rp17.344.851.824 pada tahun 2013, Rp22.387.848.921 pada tahun 2012 dan Rp7.399.321.178 pada tahun 2011)	1.422.992	2.315.186	815.982
Beban pemeliharaan luran ke BPH Migas (Rp9.896.559.209 pada tahun 2013, Rp1.664.973.618 pada tahun 2012 dan Rp19.751.943.991 pada tahun 2011)	1.400.581	2.338.376	1.496.313
Asuransi (Rp153.544.993 pada tahun 2013, Rp34.181.641.042 pada tahun 2012 dan dan Rp153.544.993 pada tahun 2011)	811.925	172.179	2.178.203
Lain-lain (Rp79.855.664.026 pada tahun 2013, Rp45.705.005.782 pada tahun 2012 dan Rp38.158.371.751 pada tahun 2011)	12.597	3.534.813	16.933
	6.551.453	4.726.476	4.208.025
Total	180.125.591	42.257.980	38.229.660

a. Bunga

Pada tanggal 31 Desember 2013 biaya bunga yang masih harus dibayar terdiri dari biaya bunga pinjaman jangka pendek dan pinjaman jangka panjang Perusahaan sebesar US\$16.621 (Catatan 18) dan US\$3.177.020 (Catatan 21).

Pada tanggal 31 Desember 2012 dan 2011 biaya bunga yang masih harus dibayar terdiri dari biaya bunga seluruh pinjaman jangka panjang Perusahaan masing-masing sebesar US\$3.161.234 dan US\$3.526.996 (Catatan 21).

Bunga yang masih harus dibayar juga mencakup biaya bunga pinjaman bank yang diperoleh Transgasindo masing-masing sebesar US\$148.427, US\$240.476 dan US\$358.972 pada tanggal 31 Desember 2013, 2012 dan 2011.

b. Beban pemeliharaan

Liabilitas beban pemeliharaan merupakan kewajiban yang muncul terkait dengan adanya kegiatan pemeliharaan aset tetap Perusahaan.

20. ACCRUED LIABILITIES

This account consists of:

	2013	2012	2011
Liabilities to contractors and suppliers (US\$136,985,504, SG\$86,000 and Rp241,560,468,423 in 2013, US\$2,817,300, JPY447,153,935 and Rp98,520,381,827 in 2012 and US\$7,023,264, JPY201,612,780 and Rp97,937,619,787 in 2011)	156.871.426	18.183.340	20.420.718
Purchase of fixed assets	9.712.549	7.585.900	5.207.518
Interests (US\$1,521,017 and JPY191,071,659 in 2013, US\$1,786,611 and JPY139,479,962 in 2012 and US\$2,102,748 and JPY138,431,974 in 2011)	3.342.068	3.401.710	3.885.968
Consultant fees (Rp17,344,851,824 in 2013, Rp22,387,848,921 in 2012 and Rp7,399,321,178 in 2011)	1.422.992	2.315.186	815.982
Maintenance expense BPH Migas levy (Rp9,896,559,209 in 2013, Rp1,664,973,618 in 2012 and Rp19,751,943,991 in 2011)	1.400.581	2.338.376	1.496.313
Insurance (Rp153,544,993 in 2013, Rp34,181,641,042 in 2012 and Rp153,544,993 in 2011)	811.925	172.179	2.178.203
Others (Rp79,855,664,026 in 2013, Rp45,705,005,782 in 2012 and Rp38,158,371,751 in 2011)	12.597	3.534.813	16.933
	6.551.453	4.726.476	4.208.025
Total	180.125.591	42.257.980	38.229.660

a. Interests

As of December 31, 2013 accrued interest consists of interest from the Company's long-term loans amounting to US\$16,621 (Note 18) and US\$3,177,020, respectively (Note 21).

As of December 31, 2012 and 2011, accrued interest consists of interest from the Company's long-term loans amounting to US\$3,161,234 and US\$3,526,996, respectively (Note 21).

The accrued interest also includes the interest from Transgasindo's bank loan amounting to US\$148,427, US\$240,476 and US\$358,972, respectively, as of December 31, 2013, 2012 and 2011.

b. Maintenance expense

Liabilities for maintenance expense represent liabilities incurred from the Company's maintenance of fixed assets activities.

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**20. LIABILITAS YANG MASIH HARUS DIBAYAR
(lanjutan)**

c. Iuran ke BPH Migas

Pada tanggal 30 Januari 2006, Pemerintah menetapkan Peraturan Pemerintah No. 1/2006 di mana perusahaan yang bergerak dalam bidang distribusi dan pengangkutan gas bumi wajib membayar iuran kepada Badan Pengatur (BPH Migas) sebesar 0,3% dari volume penjualan distribusi gas bumi dikali tarif distribusi dan 3% dari volume pengangkutan gas bumi dikali tarif pengangkutan.

Pada tanggal 8 Januari 2013, 1 Maret 2012 dan 8 Maret 2011, BPH Migas menetapkan perkiraan besaran iuran Transgasindo tahun 2013, 2012 dan 2011 masing-masing sebesar Rp40 miliar (setara dengan US\$4,03 juta), Rp35,3 miliar (setara dengan US\$3,92 juta) dan Rp39,9 miliar (setara dengan US\$4,64 juta).

Saldo iuran ke BPH Migas terdiri dari iuran Perusahaan dan Entitas Anaknya (Transgasindo) masing-masing sebesar nihil dan US\$811.925 pada tanggal 31 Desember 2013, nihil dan US\$172.179 pada tanggal 31 Desember 2012, dan US\$1.590.071 dan US\$588.132 pada tanggal 31 Desember 2011.

20. ACCRUED LIABILITIES (continued)

c. BPH Migas levy

On January 30, 2006, the Government issued Government Regulation No. 1/2006 which requires companies engaged in gas distribution and transportation to pay contribution charges to Regulatory Body (BPH Migas) at the amount of 0.3% from volume of natural gas sales distributed times distribution tariff and 3% from volume of gas transported times transportation tariff.

On January 8, 2013, March 1, 2012 and March 8, 2011, BPH Migas issued the decree which stated that the Transgasindo's levy estimation for years 2013, 2012 and 2011 amounting to Rp40 billion (equivalent to US\$4.03 million) and Rp35.3 billion (equivalent to US\$3.92 million) and Rp39.9 billion (equivalent to US\$4.64 million).

Balance of BPH Migas levy consists of the Company's and the Subsidiary's (Transgasindo) contributions amounting to nil and US\$811,925 as of December 31, 2013, nil and US\$172,179 as of December 31, 2012, and US\$1,590,071 and US\$588,132 as of December 31, 2011.

21. PINJAMAN JANGKA PANJANG

Akun ini terdiri dari:

	2013	2012	2011
<u>Entitas berelasi dengan Pemerintah</u> (Catatan 35)			
Perusahaan			
Pinjaman yang diperoleh Pemerintah dari pemberi pinjaman (Penerusan Pinjaman)	559.304.881	701.228.635	784.330.907
PT Bank Negara Indonesia (Persero) Tbk	75.000.000	93.750.000	112.500.000
<u>Pihak ketiga</u>			
Entitas Anak			
The Hongkong and Shanghai Banking Corporation Ltd., Jakarta	91.651.870	143.655.120	195.402.277
Total	725.956.751	938.633.755	1.092.233.184

Dikurangi pinjaman jangka panjang yang jatuh tempo dalam waktu satu tahun:

<u>Entitas berelasi dengan Pemerintah</u> (Catatan 35)			
Perusahaan			
Pinjaman yang diperoleh Pemerintah dari pemberi pinjaman (Penerusan Pinjaman)	42.599.023	27.245.649	26.875.532
PT Bank Negara Indonesia (Persero) Tbk	18.750.000	18.750.000	18.750.000

21. LONG-TERM LOANS

This account consists of:

	2013	2012	2011
<u>Government-related entities</u> (Note 35)			
The Company			
Loans obtained by the Government from the lenders (Two-step Loans)			
PT Bank Negara Indonesia (Persero) Tbk	75.000.000	93.750.000	112.500.000
<u>Third Party</u>			
Subsidiary			
The Hongkong and Shanghai Banking Corporation Ltd., Jakarta	91.651.870	143.655.120	195.402.277
Total	725.956.751	938.633.755	1.092.233.184
<u>Less current maturities of long-term loans:</u> <u>Government-related entities</u> (Note 35)			
The Company			
Loans obtained by the Government from the lenders (Two-step Loans)			
PT Bank Negara Indonesia (Persero) Tbk	42.599.023	27.245.649	26.875.532
(Persero) Tbk	18.750.000	18.750.000	18.750.000

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21. PINJAMAN JANGKA PANJANG (lanjutan)

21. LONG-TERM LOANS (continued)

	2013	2012	2011	
<u>Pihak ketiga</u> <u>Entitas Anak</u>				<u>Third Party</u> <u>Subsidiary</u>
The Hongkong and Shanghai Banking Corporation Ltd., Jakarta	52.631.579	52.631.579	52.631.579	The Hongkong and Shanghai Banking Corporation Ltd., Jakarta
Total	113.980.602	98.627.228	98.257.111	Total
Bagian jangka panjang, Neto	611.976.149	840.006.527	993.976.073	Long-term portion, Net

Penerusan Pinjaman merupakan pinjaman jangka panjang yang diperoleh dari Pemerintah Republik Indonesia yang dibiayai oleh:

Two-step Loans represent long-term loans from the Government of the Republic of Indonesia, which are funded by:

	2013	2012	2011	
Japan Bank for International Cooperation (SLA-1156/DP3/2003) (JPY46.937.981.000 pada tahun 2013, JPY48.538.362.136 pada tahun 2012 dan JPY48.319.782.127 pada tahun 2011)	447.352.962	562.031.066	622.434.245	Japan Bank for International Cooperation (SLA-1156/DP3/2003) (JPY46,937,981,000 in 2013, JPY48,538,362,136 in 2012 and JPY48,319,782,127 in 2011)
International Bank for Reconstruction and Development (SLA-1201/DP3/2006)	54.348.966	57.526.796	56.164.947	International Bank for Reconstruction and Development (SLA-1201/DP3/2006)
European Investment Bank (SLA-877/DP3/1996 dan SLA-1139/DP3/2000)	35.124.962	44.121.219	53.117.477	European Investment Bank (SLA-877/DP3/1996 and SLA-1139/DP3/2000)
Japan Bank for International Cooperation (SLA-879/DP3/1996)	11.421.517	19.035.862	26.650.207	Japan Bank for International Cooperation (SLA-879/DP3/1996)
Asian Development Bank (SLA-832/DP3/1995)	10.607.488	17.679.148	24.750.806	Asian Development Bank (SLA-832/DP3/1995)
International Bank for Reconstruction and Development (SLA-1166/DP3/2004)	448.986	834.544	1.213.225	International Bank for Reconstruction and Development (SLA-1166/DP3/2004)
Total	559.304.881	701.228.635	784.330.907	Total

Japan Bank for International Cooperation (JBIC) (SLA-1156/DP3/2003) - JPY46.937.981.000

Japan Bank for International Cooperation (JBIC) (SLA-1156/DP3/2003) - JPY46,937,981,000

Pada tanggal 27 Maret 2003, JBIC menyetujui untuk memberikan pinjaman kepada Pemerintah Republik Indonesia (Pemerintah) berdasarkan Perjanjian Pinjaman No. IP-511 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.

On March 27, 2003, JBIC agreed to provide a loan to the Government of the Republic of Indonesia (the Government) based on Loan Agreement No. IP-511 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.

Pada tanggal 28 Mei 2003, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman No. SLA-1156/DP3/2003, di mana Pemerintah meneruskan pinjaman dari JBIC ini dengan jumlah tidak melebihi JPY49.088.000.000 kepada Perusahaan.

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.

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21. PINJAMAN JANGKA PANJANG (lanjutan)

Japan Bank for International Cooperation (JBIC)
(SLA-1156/DP3/2003) - JPY46.937.981.000
(lanjutan)

Pinjaman ini dikenakan tingkat bunga atas pinjaman JBIC kepada Pemerintah ditambah 0,50% untuk jasa bunga bagian Pemerintah (termasuk beban bank sebesar 0,15%) per tahun, yang harus dibayar pada tanggal 20 April dan 20 Oktober sebelum seluruh pinjaman ditarik dan pada tanggal 20 Maret dan 20 September setelahnya. Tingkat bunga tahunan pinjaman JBIC masing-masing adalah berkisar antara 0,75% sampai dengan 0,95% untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011.

Jumlah pokok pinjaman harus dibayar dalam 61 kali angsuran tengah tahunan pada tanggal 20 Maret dan 20 September setiap tahun, dengan angsuran pertama yang jatuh tempo pada tanggal 20 Maret 2013 dan pembayaran terakhir akan jatuh tempo pada tanggal 20 Maret 2043.

International Bank for Reconstruction and
Development (IBRD) (SLA-1201/DP3/2006) -
US\$54.348.966

Berdasarkan Perjanjian Pinjaman No. 7755-ID (Ex 4810-IND) tanggal 7 Februari 2006, IBRD menyetujui memberikan pinjaman kepada Pemerintah Republik Indonesia (Pemerintah) dengan jumlah keseluruhan setara dengan US\$69.381.312 untuk membantu Pemerintah dalam membiayai Proyek Pengembangan Pasar Gas Domestik ("Proyek") (Catatan 37.5).

Pada tanggal 3 April 2006, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman No. SLA-1201/DP3/2006, dimana Pemerintah meneruskan hasil pinjaman dari IBRD sebesar US\$69.381.312 kepada Perusahaan yang akan melaksanakan Proyek. Pinjaman ini dikenakan tingkat bunga atas pinjaman IBRD kepada Pemerintah ditambah 1% untuk jasa bunga bagian Pemerintah (termasuk beban bank sebesar 0,15%) per tahun, yang harus dibayar pada tanggal 15 Februari dan 15 Agustus setiap tahun. Tingkat bunga tahunan pinjaman IBRD masing-masing adalah berkisar antara 1,88% sampai dengan 5,48% untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011.

Pada tanggal 11 Juli 2011, Perusahaan mendapatkan Surat Persetujuan No. S-686/PU.2/2011 dari Direktorat Jenderal Pinjaman dan Hibah, Kementerian Keuangan Republik Indonesia, mengenai persetujuan pembatalan sisa pinjaman IBRD SLA 1201 sebesar US\$10.618.688, terhitung mulai pada tanggal 21 Desember 2010.

21. LONG-TERM LOANS (continued)

Japan Bank for International Cooperation (JBIC)
(SLA-1156/DP3/2003) - JPY46,937,981,000
(continued)

This loan is subject to the interest rate of the JBIC loan to the Government plus a Government fee of 0.50% (including a 0.15% banking fee) per annum, payable on April 20 and October 20 prior to the withdrawal of all facilities amount and on March 20 and September 20 afterwards. The JBIC's annual interest rate of the loan is ranging from 0.75% to 0.95% for the years ended December 31, 2013, 2012 and 2011, respectively.

The principal amount of the loan is repayable in 61 equal semi-annual installments every March 20 and September 20 of each year, with the first installment due on March 20, 2013 and the last payment due on March 20, 2043.

International Bank for Reconstruction and
Development (IBRD) (SLA-1201/DP3/2006) -
US\$54,348,966

Based on the Loan Agreement No. 7755-ID (Ex 4810-IND) dated February 7, 2006, IBRD agreed to lend to the Government of the Republic of Indonesia (Government) an aggregate amount equivalent to US\$69,381,312 to assist the Government in financing the Domestic Gas Market Development Project ("the Project") (Note 37.5).

On April 3, 2006, the Company and the Government entered into the related Subsidiary Loan Agreement No. SLA-1201/DP3/2006, which provides for the Government's relending of the IBRD loan proceeds of US\$69,381,312 to the Company, which shall undertake the Project. The loan is subject to the interest rate of the IBRD loan to the Government plus a Government fee of 1% (including 0.15% banking fee) per annum, payable on February 15 and August 15 of each year. The IBRD annual interest rate is ranging from 1.88% to 5.48% for the years ended December 31, 2013, 2012 and 2011, respectively.

On July 11, 2011, the Company obtained an Approval Letter No. S-686/PU.2/2011 from Directorate General of Loans and Grants, Ministry of Finance of the Republic of Indonesia, regarding the approval for the cancellation of the remaining IBRD SLA 1201 loan amounting to US\$10,618,688, starting on December 21, 2010.

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21. PINJAMAN JANGKA PANJANG (lanjutan)

International Bank for Reconstruction and Development (IBRD) (SLA-1201/DP3/2006) - US\$54.348.966 (lanjutan)

Pada tanggal 30 Desember 2011, Perusahaan mendapatkan surat dari Kementerian Keuangan Republik Indonesia No. S-12051/MK.5/2011, mengenai perubahan terhadap Perjanjian Penerusan Pinjaman No. SLA-1201/DP3/2006, tanggal 3 April 2006, antara Pemerintah dengan Perusahaan, yang mengatur perubahan sebagai berikut:

- Pokok pinjaman, yang dari semula US\$80.000.000 menjadi US\$69.381.312 dihitung mulai tanggal 21 Desember 2011;
- Tingkat bunga, yang dari semula *LIBOR Base Rate + LIBOR Total Spread + 1%* menjadi tingkat bunga IBRD + 1%;
- Tanggal terakhir penarikan pinjaman (*closing date*) yang dari semula pada tanggal 31 Maret 2011 menjadi 31 Maret 2014.

Perusahaan wajib membayar kepada Pemerintah biaya komitmen sebesar 0,75% per tahun dari jumlah pinjaman yang belum ditarik oleh Perusahaan. Jumlah pokok pinjaman akan dibayar dalam 30 kali angsuran tengah tahunan pada tanggal 15 Februari dan 15 Agustus setiap tahun, dengan angsuran pertama yang jatuh tempo pada tanggal 15 Agustus 2011 dan pembayaran terakhir akan jatuh tempo pada tanggal 15 Februari 2026.

Pada tanggal 14 November 2013, Perusahaan mendapatkan Surat No. 5-786/PU/2013 dari Direktorat Jenderal Pengelolaan Utang, Kementerian Keuangan Republik Indonesia, mengenai persetujuan pembatalan sisa pinjaman IBRD SLA 1201 sebesar US\$7.616.230 dihitung mulai pada tanggal 1 Februari 2013.

European Investment Bank (EIB) (SLA-877/DP3/1996) - US\$4.245.583

Berdasarkan Perjanjian Pinjaman No. FINO.1.8070 tanggal 20 Juli 1995, antara EIB, Pemerintah Republik Indonesia (Pemerintah) dan Perusahaan, EIB menyetujui untuk memberikan pinjaman kepada Pemerintah dengan jumlah keseluruhan setara dengan ECUS46.000.000 untuk membantu Pemerintah dalam membiayai Proyek Transmisi dan Distribusi Gas ("Proyek") di Sumatera Tengah dan Pulau Batam (Catatan 37.5).

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21. LONG-TERM LOANS (continued)

International Bank for Reconstruction and Development (IBRD) (SLA-1201/DP3/2006) - US\$54,348,966 (continued)

On December 30, 2011, the Company obtained a letter from Ministry of Finance of the Republic of Indonesia No. S-12051/MK.5/2011, regarding the changes of a Subsidiary Loan Agreement No. SLA-1201/DP3/2006, dated April 3, 2006, between the Government with the Company, with the changes as follows:

- The principal amount, from US\$80,000,000 to become US\$69,381,312, starting on December 21, 2011;
- The interest rate, from *LIBOR Base Rate + LIBOR Total Spread + 1%* to become IBRD interest rate + 1%;
- The date of the last drawdown (*closing date*), from March 31, 2011 to March 31, 2014.

The Company has to pay commitment fee of 0.75% per annum from the total subsidiary loan which not yet drawdowned by the Company to the Government. The principal amount of the loan is repayable in 30 equal semi-annual installments every February 15 and August 15 of each year, with the first installment due on August 15, 2011 and the last payment due on February 15, 2026.

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 US\$7,616,230 starting on February 1, 2013.

European Investment Bank (EIB) (SLA-877/DP3/1996) - US\$4,245,583

Based on the Loan Agreement No. FINO.1.8070 dated July 20, 1995 among EIB, the Government of the Republic of Indonesia (the Government) and the Company, EIB agreed to lend to the Government an aggregate amount equivalent to ECUS46,000,000 to assist the Government in financing the Gas Transmission and Distribution Project ("The Project") in Central Sumatera and Batam Island (Note 37.5).

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21. PINJAMAN JANGKA PANJANG (lanjutan)

European Investment Bank (EIB)
(SLA-877/DP3/1996) - US\$4.245.583 (lanjutan)

Pada tanggal 1 Maret 1996, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman No. SLA-877/DP3/1996, di mana Pemerintah meneruskan hasil pinjaman dari EIB sebesar ECUS46.000.000 kepada Perusahaan yang akan melaksanakan Proyek. Pinjaman ini dikenakan tingkat bunga sebesar pinjaman EIB kepada Pemerintah ditambah 0,50% untuk jasa bunga bagian Pemerintah (termasuk beban bank sebesar 0,15%) per tahun, yang harus dibayar pada tanggal 15 Januari dan 15 Juli setiap tahun. Tingkat bunga tahunan pinjaman EIB masing-masing adalah berkisar antara 4,35% sampai dengan 7,41% untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011. Jumlah pokok pinjaman harus dibayar dalam 32 kali angsuran tengah tahunan pada tanggal 15 Januari dan 15 Juli setiap tahun, dengan angsuran pertama yang jatuh tempo pada tanggal 15 Januari 1999 dan pembayaran terakhir akan jatuh tempo pada tanggal 15 Juli 2014.

Di dalam Perjanjian Pinjaman, Perusahaan diharuskan memelihara batasan keuangan tertentu setiap tahun, dimulai pada tahun 1999 seperti rasio kemampuan membayar utang (*debt service ratio*) sebesar 1,3:1 atau lebih dan rasio utang terhadap ekuitas (*debt to equity ratio*) sebesar maksimum 70:30.

Bilamana ada pembayaran angsuran, bunga dan beban komitmen yang terlambat, maka pembayaran tersebut akan dikenakan denda sebesar 2% di atas tingkat suku bunga setiap tahun.

European Investment Bank (EIB)
(SLA-1139/DP3/2000) - US\$30.879.379

Pada tanggal 15 September 2000, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman No. SLA-1139/DP3/2000, di mana Pemerintah meneruskan pinjaman dari EIB dengan jumlah tidak melebihi EUROS70.000.000 kepada Perusahaan sebagai bagian dari pembiayaan Proyek Transmisi dan Distribusi Gas Tahap II. Pinjaman ini dikenakan tingkat bunga sebesar pinjaman EIB kepada Pemerintah ditambah 0,50% untuk jasa bunga bagian Pemerintah (termasuk beban bank sebesar 0,15%) per tahun, yang harus dibayar pada tanggal 15 Juni dan 15 Desember setiap tahun. Tingkat bunga pinjaman EIB adalah berkisar antara 4,95% sampai dengan 5,30% per tahun untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011.

21. LONG-TERM LOANS (continued)

European Investment Bank (EIB)
(SLA-877/DP3/1996) - US\$4,245,583 (continued)

On March 1, 1996, the Company and the Government entered into the related Subsidiary Loan Agreement No. SLA-877/DP3/1996, which provides for the Government's relending of the EIB loan proceeds of ECUS46,000,000 or its equivalent to the Company, which will undertake the Project. The loan is subject to the interest rate of the EIB loan to the Government plus a Government fee of 0.50% (including 0.15% banking fee) per annum, payable on January 15 and July 15 of each year. The EIB's annual interest rates of the loan is ranging from 4.35% to 7.41% for the years ended December 31, 2013, 2012 and 2011, respectively. The principal amount of the loan is repayable in 32 equal semi-annual installments on January 15 and July 15 of each year, with the first installment due on January 15, 1999 and the last payment due on July 15, 2014.

Under the Loan Agreement, the Company undertakes, among other things, that it shall maintain certain financial covenants each year commencing in 1999 such as a debt service ratio of 1.3:1 or more and a debt to equity ratio of maximum 70:30.

Any overdue repayments of installments, interest and commitment charges will bear a penalty at the rate of 2% above the interest rate per annum.

European Investment Bank (EIB)
(SLA-1139/DP3/2000) - US\$30,879,379

On September 15, 2000, the Company and the Government entered into a Subsidiary Loan Agreement No. SLA-1139/DP3/2000, 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. The loan is subject to the interest rate of the EIB loan to the Government plus a Government fee of 0.50% (including 0.15% banking fee) per annum, payable on June 15 and December 15 of each year. The EIB's annual interest rates of the loan is ranging from 4.95% to 5.30% for the years ended December 31, 2013, 2012 and 2011.

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21. PINJAMAN JANGKA PANJANG (lanjutan)

European Investment Bank (EIB)
(SLA-1139/DP3/2000) - US\$30.879.379 (lanjutan)

Jumlah pokok pinjaman harus dibayar dalam 32 kali angsuran tengah tahunan pada tanggal 15 Juni dan 15 Desember setiap tahun, dengan angsuran pertama yang jatuh tempo pada tanggal 15 Desember 2004 dan pembayaran terakhir akan jatuh tempo pada tanggal 15 Juni 2020.

Di dalam Perjanjian Pinjaman, Perusahaan diharuskan memelihara batasan keuangan setiap tahun, yaitu rasio utang terhadap ekuitas (*debt to equity ratio*) sebesar maksimum 2:1.

Japan Bank for International Cooperation (JBIC)
(SLA-879/DP3/1996) - US\$11.421.517

Berdasarkan Perjanjian Pinjaman tanggal 23 Oktober 1995, JBIC menyetujui untuk memberikan pinjaman kepada Pemerintah Republik Indonesia (Pemerintah) dengan jumlah keseluruhan setara dengan US\$195.000.000 untuk membantu Pemerintah dalam membiayai Proyek Transmisi dan Distribusi Gas ("Proyek") di Sumatera Tengah dan Pulau Batam (Catatan 37.5).

Pada tanggal 12 Maret 1996, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman No. SLA-879/DP3/1996, di mana Pemerintah meneruskan hasil pinjaman dari JBIC sebesar US\$195.000.000 kepada Perusahaan yang akan melaksanakan Proyek.

Pinjaman ini dikenakan tingkat bunga atas pinjaman JBIC kepada Pemerintah ditambah 0,50% untuk jasa bunga bagian Pemerintah (termasuk beban bank sebesar 0,15%) per tahun, yang harus dibayar pada tanggal 15 Mei dan 15 November setiap tahun. Tingkat bunga tahunan pinjaman JBIC masing-masing adalah sebesar 0,67% per tahun untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013 dan 2012 serta berkisar antara 0,67% sampai dengan 0,69% untuk tahun yang berakhir pada tanggal 31 Desember 2011. Pokok pinjaman harus dibayar dalam 32 kali angsuran tengah tahunan pada tanggal 15 Mei dan 15 November setiap tahun, dengan angsuran pertama yang jatuh tempo pada tanggal 15 November 1999 dan pembayaran terakhir akan jatuh tempo pada tanggal 15 Mei 2015.

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21. LONG-TERM LOANS (continued)

European Investment Bank (EIB)
(SLA-1139/DP3/2000) - US\$30,879,379
(continued)

The principal amount of the loan is repayable in 32 equal semi-annual installments on June 15 and December 15 of each year, with the first installment due on December 15, 2004 and the last payment due on June 15, 2020.

Under the Loan Agreement, the Company undertakes among other things, that it shall maintain certain financial covenants each year such as debt to equity ratio of maximum 2:1.

Japan Bank for International Cooperation (JBIC)
(SLA-879/DP3/1996) - US\$11,421,517

Based on the Loan Agreement dated October 23, 1995, JBIC agreed to lend to the Government of the Republic of Indonesia (the Government) an aggregate amount equivalent to US\$195,000,000 to assist the Government in financing the Gas Transmission and Distribution Project ("the Project") in Central Sumatera and Batam Island (Note 37.5).

On March 12, 1996, the Company and the Government entered into the related Subsidiary Loan Agreement No. SLA-879/DP3/1996, which provides for the Government's relending of the JBIC loan proceeds of US\$195,000,000 to the Company, which shall undertake the Project.

The loan is subject to the interest rate of the JBIC loan to the Government plus a Government fee of 0.50% (including a 0.15% banking fee) per annum, payable on May 15 and November 15 of each year. The JBIC's annual interest rate of the loan is 0.67% for the years ended December 31, 2013 and 2012, respectively, and ranging from 0.67% to 0.69% for the year ended December 31, 2011. The principal amount of the loan is repayable in 32 equal semi-annual installments on May 15 and November 15 of each year, with the first installment due on November 15, 1999 and the last payment due on May 15, 2015.

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21. PINJAMAN JANGKA PANJANG (lanjutan)

Asian Development Bank (ADB)
(SLA-832/DP3/1995) - US\$10.607.488

Berdasarkan Perjanjian Pinjaman No. 1357-IND tanggal 26 Juni 1995, ADB menyetujui untuk memberikan pinjaman kepada Pemerintah Republik Indonesia (Pemerintah) dengan jumlah keseluruhan setara dengan US\$218.000.000 untuk membantu Pemerintah dalam membiayai Proyek Transmisi dan Distribusi Gas ("Proyek") di Sumatera Tengah dan Pulau Batam (Catatan 37.5).

Pada tanggal 31 Oktober 1995, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman No. SLA-832/DP3/1995, di mana Pemerintah meneruskan hasil pinjaman dari ADB kepada Perusahaan sebesar US\$218.000.000. Perusahaan akan melaksanakan Proyek ini sesuai dengan Perjanjian Proyek dengan ADB tanggal 26 Juni 1995.

Pinjaman ini dikenakan tingkat bunga pinjaman ADB ke Pemerintah ditambah 0,50% untuk jasa bunga bagian Pemerintah (termasuk beban bank sebesar 0,15%) per tahun dan jasa komitmen sebesar 0,75% per tahun dihitung atas jumlah pinjaman yang belum dipergunakan, yang harus dibayar pada tanggal 15 Mei dan 15 November setiap tahun. Tingkat bunga tahunan pinjaman ADB masing-masing adalah berkisar antara 1,02% sampai dengan 1,33% untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013 dan 2012, dan berkisar antara 1,04% sampai dengan 4,34% untuk tahun yang berakhir pada tanggal 31 Desember 2011.

Jumlah pokok pinjaman harus dibayar dalam 32 kali angsuran tengah tahunan pada tanggal 15 Mei dan 15 November setiap tahun, dengan angsuran pertama yang jatuh tempo pada tanggal 15 November 1999 dan pembayaran terakhir akan jatuh tempo pada tanggal 15 Mei 2015.

Di dalam Perjanjian Proyek tanggal 26 Juni 1995 antara Perusahaan dan ADB, Perusahaan diharuskan meminta izin terlebih dahulu dari ADB dalam hal pinjaman yang diperoleh setelah tanggal perjanjian, selain yang dipergunakan untuk membiayai proyek, yang akan mengakibatkan perkiraan kemampuan membayar utang kurang dari 1,3:1 dan rasio utang terhadap ekuitas (*debt to equity ratio*) lebih dari 70:30.

Pada tanggal 13 September 2011, Perusahaan telah melakukan pelunasan pokok sebesar US\$34.071.363.

21. LONG-TERM LOANS (continued)

Asian Development Bank (ADB)
(SLA-832/DP3/1995) - US\$10,607,488

Based on the Loan Agreement No. 1357-IND dated June 26, 1995, ADB agreed to lend the Government of the Republic of Indonesia (the Government) an aggregate amount equivalent to US\$218,000,000 to assist the Government in financing the Gas Transmission and Distribution Project ("the Project") in Central Sumatera and Batam Island (Note 37.5).

On October 31, 1995, the Company and the Government entered into the related Subsidiary Loan Agreement No. SLA-832/DP3/1995, which provides for the Government's relending of the ADB loan proceeds of US\$218,000,000 to the Company. The Company will undertake the Project in accordance with the Project Agreement with ADB dated June 26, 1995.

The loan is subject to the interest rate of the ADB loan to the Government plus a Government fee of 0.50% (including a 0.15% banking fee) per annum and a commitment fee at the rate of 0.75% per annum calculated on the amount of loan not yet drawn, payable on May 15 and November 15 of each year. The ADB's annual interest rate of the loan is ranging from 1.02% to 1.33% for the years ended December 31, 2013 and 2012, and ranging from 1.04% to 4.34% for the year ended December 31, 2011, respectively.

The principal amount of the loan is repayable in 32 equal semi-annual installments on May 15 and November 15 of each year, with the first installment due on November 15, 1999 and the last payment due on May 15, 2015.

As stipulated under the Project Agreement dated June 26, 1995 between the Company and ADB, the Company must obtain prior consent from ADB for any loans obtained after the date of the agreement, except for loans obtained to finance the project, which will cause the Company's debt service ratio to be 1.3:1 or less or the debt to equity ratio to exceed 70:30.

On September 13, 2011, the Company has paid the principal amounting to US\$34,071,363.

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21. PINJAMAN JANGKA PANJANG (lanjutan)

International Bank for Reconstruction and Development (IBRD) (SLA-1166/DP3/2004) - US\$448.986

Berdasarkan Perjanjian Pinjaman No. 7758-ID (Ex 4712-IND) tanggal 1 Oktober 2003, IBRD setuju untuk memberikan pinjaman kepada Pemerintah Republik Indonesia (Pemerintah) sebesar US\$141.000.000 untuk pembiayaan proyek yang akan dilaksanakan oleh Perusahaan dan PT Perusahaan Listrik Negara (Persero) (PLN).

Pemerintah akan meneruskan pinjaman tersebut kepada Perusahaan dan PLN melalui perjanjian penerusan pinjaman. Proyek yang akan dilaksanakan oleh Perusahaan berhubungan dengan persiapan kebijakan rasionalisasi harga gas, restrukturisasi Perusahaan, persiapan penawaran umum perdana atas aktivitas distribusi dan persiapan mitra strategis pada aktivitas transmisi gas Perusahaan.

Pada tanggal 13 Mei 2004, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman No. SLA-1166/DP3/2004, di mana Pemerintah meneruskan sebagian hasil pinjaman dari IBRD sebesar US\$2.487.672 kepada Perusahaan, yang akan melaksanakan proyek.

Pinjaman ini dikenakan tingkat bunga atas pinjaman IBRD kepada Pemerintah ditambah 0,50% untuk jasa bunga bagian Pemerintah (termasuk beban bank sebesar 0,15%) per tahun, yang harus dibayar pada tanggal 15 Juni dan 15 Desember setiap tahun.

Pada tanggal 20 Juli 2010, Perusahaan mendapatkan Surat dari Bank Dunia No. JA-356/JAVA-BALI/VII/2010, yang menyatakan bahwa saldo sebesar US\$3.572.934 tidak dapat ditarik lagi oleh Perusahaan, sehingga total fasilitas yang diperoleh Perusahaan sebesar US\$2.487.672.

Pada tanggal 7 Februari 2011, Perusahaan menerima surat dari Menteri Keuangan Republik Indonesia No. S-1076/MK-05/2011 terkait dengan persetujuan perubahan atas SLA-1166/DP3/2004 tanggal 13 Mei 2004 dengan jumlah pinjaman sebesar US\$2.487.672. Perusahaan wajib membayar kepada Pemerintah biaya komitmen sebesar 0,75% per tahun dari jumlah pinjaman yang belum ditarik. Jumlah pokok pinjaman harus dibayar dalam 30 kali angsuran tengah tahunan pada tanggal 15 Juni dan 15 Desember setiap tahun, dengan angsuran pertama yang jatuh tempo pada tanggal 15 Desember 2008 dan pembayaran terakhir akan jatuh tempo pada tanggal 15 Juni 2023.

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21. LONG-TERM LOANS (continued)

International Bank for Reconstruction and Development (IBRD) (SLA-1166/DP3/2004) - US\$448,986

Based on the Loan Agreement No. 7758-ID (Ex 4712-IND) dated October 1, 2003, the IBRD agreed to lend to the Government of the Republic of Indonesia (Government) the amount of US\$141,000,000 to finance a project to be carried out by the Company and PT Perusahaan Listrik Negara (Persero) (PLN).

The Government will relend the loan proceeds to the Company and PLN through two-step loan. The project to be carried out by the Company relates to preparation of a rationalized gas pricing policy, corporate restructuring of the Company, preparation for an initial public offering for the Company's distribution activities and preparation for the involvement of a strategic partner in the Company's gas transmission operations.

On May 13, 2004, the Company and the Government entered into the related Subsidiary Loan Agreement No. SLA-1166/DP3/2004, which provides for the Government's relending of a portion of the IBRD loan proceeds of US\$2,487,672 to the Company, which shall undertake the project.

The loan is subject to the interest rate of the IBRD loan to the Government plus a Government fee of 0.50% (including a 0.15% banking fee) per annum, payable on June 15 and December 15 of each year.

On July 20, 2010, the Company obtained a letter from World Bank No. JA-356/JAVA-BALI/VII/2010, stating that the amount of US\$3,572,934 could not be drawdown anymore by the Company, therefore, the total loan facility obtained by the Company amounting to US\$2,487,672.

On February 7, 2011, the Company obtained a letter from the Ministry of Finance of the Republic of Indonesia No. S-1076/MK-05/2011 related to the approval of the changes of SLA-1166/DP3/2004 dated May 13, 2004 with the total loan amounting to US\$2,487,672. The Company has to pay commitment fee of 0.75% per annum from the total loan which not yet drawdowned by the Company to the Government, the principal amount of the loan is repayable in 30 equal semi-annual installments every June 15 and December 15 of each year, with the first installment due on December 15, 2008 and the last payment due on June 15, 2023.

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21. PINJAMAN JANGKA PANJANG (lanjutan)

International Bank for Reconstruction and Development (IBRD) (SLA-1166/DP3/2004) - US\$448.986 (lanjutan)

Pada tanggal 30 September 2011, Perusahaan mendapatkan surat dari Kementerian Keuangan Republik Indonesia No. S-1607/PB-4/2011 terkait dengan penyampaian Perjanjian Perubahan (Amandemen) No. AMA-428/SLA-1166/DSMI/2011 tanggal 29 September 2011 yang mengatur perubahan jatuh tempo pembayaran terakhir menjadi pada tanggal 15 Juni 2015.

Tingkat bunga tahunan adalah sebesar 5,04% untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013 dan 2012 serta berkisar antara 1,64% sampai dengan 1,93% untuk tahun yang berakhir pada tanggal 31 Desember 2011.

PT Bank Negara Indonesia (Persero) Tbk (BNI) - US\$75.000.000

Berdasarkan Perjanjian Pinjaman No. 058/KPI/PK/2007 tanggal 17 September 2007, BNI, suatu entitas yang dimana Pemerintah memiliki kepemilikan 60% dari total saham yang beredar, menyetujui untuk memberikan pinjaman kepada Perusahaan dengan jumlah keseluruhan setara dengan US\$150.000.000 untuk keperluan pembiayaan penyelesaian Proyek Jaringan Pipa Transmisi Gas Bumi Sumatera Selatan-Jawa Barat (Proyek SSWJ) dan Jaringan Pipa Distribusi Gas Jawa Barat.

Berdasarkan perjanjian pinjaman ini, jangka waktu fasilitas kredit adalah selama sepuluh tahun sejak tanggal 17 September 2007 sampai tanggal 16 September 2017, termasuk tenggang waktu dua tahun. Pinjaman ini akan dibayar dalam 16 kali angsuran tengah tahunan dimulai dari 16 Maret 2010.

Pinjaman ini dikenakan tingkat bunga sebesar SIBOR tiga bulan ditambah 1,75% per tahun, yang harus dibayar paling lambat pada tanggal 25 setiap bulannya.

Perjanjian pinjaman ini mencakup pembatasan-pembatasan antara lain tidak diperkenankan menjaminkan aset Perusahaan kepada kreditor lain, mengadakan merger, mengubah status hukum, memberikan pinjaman kepada pihak lain, melakukan investasi dengan jumlah lebih besar daripada 15% dari ekuitas neto, menerima pinjaman dan mengambil *lease* tanpa persetujuan tertulis dari BNI.

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21. LONG-TERM LOANS (continued)

International Bank for Reconstruction and Development (IBRD) (SLA-1166/DP3/2004) - US\$448,986 (continued)

On September 30, 2011, the Company obtained a letter from the Ministry of Finance of the Republic of Indonesia No. S-1607/PB-4/2011 related to amendment of loan agreement No. AMA-428/SLA-1166/DSMI/2011, dated September 29, 2011, regarding the changes of last payment due on June 15, 2015.

Annual interest rates are 5.04% for the years ended December 31, 2013 and 2012, respectively, and ranging from 1.64% to 1.93% for the year ended December 31, 2011.

PT Bank Negara Indonesia (Persero) Tbk (BNI) - US\$75,000,000

Based on the Loan Agreement No. 058/KPI/PK/2007 dated September 17, 2007, BNI, an entity that the Government has an ownership of 60% from total issued shares, agreed to provide loan to the Company at an aggregate amount equivalent to US\$150,000,000 to finance the South Sumatera-West Java Pipeline Gas Transmission Project (SSWJ Project) and West Java Pipeline Gas Distribution.

Based on this loan agreement, the term of the credit facility is valid for ten years since September 17, 2007 until September 16, 2017, including two years grace year. The loan is payable in 16 semi-annual installments starting from March 16, 2010.

This loan is subject to the three months SIBOR interest rate plus 1.75% per annum, payable not more than the 25th every month.

The loan agreement includes negative covenants, relating to, among others, create any liens on any property to other debtors, conducting merger, change the legal status, provide loan to other parties, conducting investment more than 15% from net shareholder equity, obtain the loan and lease without obtaining the BNI's written approval.

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21. PINJAMAN JANGKA PANJANG (lanjutan)

The Hongkong and Shanghai Banking Corporation Ltd., Jakarta - US\$91.651.870

Pada tanggal 30 Agustus 2010, Transgasindo menandatangani *term loan facility agreement* dengan sindikasi dari The Hongkong dan Shanghai Banking Corporation Limited, Jakarta (HSBC) US\$250.000.000. Fasilitas ini digunakan oleh Transgasindo untuk membayar kembali pinjaman pemegang saham dan untuk keperluan umum. Fasilitas ini memiliki jangka waktu 5 tahun dengan 19 kali cicilan triwulanan dimulai 6 bulan setelah tanggal penarikan pertama (*grace year*). Pinjaman ini dikenakan bunga pada tingkat bunga tiga bulan BBA LIBOR + *margin* sebesar 1,99% per tahun.

Pada tanggal 3 September 2010, fasilitas tersebut telah ditarik seluruhnya dan dikenakan tingkat bunga per tahun berkisar antara 2,26% sampai dengan 2,27%.

Selama tahun 2013, Transgasindo telah membayar angsuran secara triwulan dengan jumlah sebesar US\$52.631.579 pada tanggal 5 Maret, 5 Juni, 5 September dan 5 Desember 2013.

Perjanjian pinjaman mencakup pembatasan-pembatasan umum antara lain, Transgasindo tidak diperkenankan untuk menjaminkan aset atau pendapatan Transgasindo kepada pihak ketiga dalam jumlah yang melebihi US\$10.000.000, merevisi atau mengubah kegiatan usahanya, memindahkan sebagian atau seluruh GTA ke pihak ketiga, melakukan *merger*, investasi dan akuisisi, mengubah Anggaran Dasar, mengubah susunan Dewan Komisaris dan Direksi dan pemegang saham tanpa pemberitahuan tertulis kepada HSBC, dan menjual, menyewakan, mengalihkan atau menghapuskan asetnya kecuali untuk kegiatan usaha sehari-hari.

Selama pinjaman masih terutang, Transgasindo diwajibkan mematuhi semua batasan, termasuk sejumlah rasio keuangan sebagai berikut:

- (i) jumlah ekuitas tidak lebih kecil dari US\$250.000.000;
- (ii) rasio utang neto terhadap ekuitas tidak lebih besar dari 2,33 kali;
- (iii) rasio utang neto terhadap EBITDA tidak lebih besar dari 3,5 kali.

Pada tanggal 31 Desember 2013, 2012 dan 2011, Kelompok Usaha telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian pinjaman.

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21. LONG-TERM LOANS (continued)

The Hongkong and Shanghai Banking Corporation Ltd., Jakarta - US\$91,651,870

On August 30, 2010, Transgasindo signed a term loan facility agreement with syndication of The Hongkong and Shanghai Banking Corporation Limited, Jakarta (HSBC) for US\$250,000,000. This facility was utilized by Transgasindo to refinance existing shareholder loans and for general corporate purposes. This facility is valid for 5 years with 19 equal quarterly installments commencing 6 months after the first drawdown date (*grace year*). The loan bears interest at the rate of three months BBA LIBOR + *margin* of 1.99% per annum.

On September 3, 2010, the facility had been fully drawn down and bears interest rate ranged from 2.26% up to 2.27% per annum.

During 2013, Transgasindo has already paid quarterly installments amounting to US\$52,631,579 on March 5, June 5, September 5 and December 5, 2013.

The loan agreement includes general covenants, relating to among others, Transgasindo shall not pledge any of Transgasindo's assets or revenues to third parties in an amount at any time exceeding US\$10,000,000, revise or change the nature of business, assign any or all GTA to third party, conduct merger, investment and acquisition, amend the Articles of Association, change the composition of the Boards of Commissioners and Directors and the shareholders, without giving the written notification to HSBC and sell, lease, transfer or dispose its existing pipelines unless for normal business transactions.

As long as the loan remaining outstanding, Transgasindo is required to comply with all covenants or restrictions including certain financial ratios as follows:

- (i) total shareholders' equity to be not less than US\$250,000,000;
- (ii) the net debt to shareholders' equity ratio to be not greater than 2.33 times;
- (iii) the net debt to EBITDA ratio to be not greater than 3.5 times.

As of December 31, 2013, 2012 and 2011, the Group has complied with all financial ratios required to be maintained under the loan agreements.

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22. PERPAJAKAN

a. Estimasi Tagihan Pajak

	2013	2012	2011
Pajak Penghasilan:			
Pasal 21	228	1.987	69.736
Pasal 23	1.057	142.065	-
Pasal 29			
- Tahun 2013	30.713.108	-	-
- Tahun 2012	59.504	139.603	-
- Tahun 2011	-	9.014.899	9.613.374
- Tahun 2010	-	-	118.947
Pajak Pertambahan Nilai	2.783.848	1.043.541	-
Total	33.557.745	10.342.095	9.802.057

22. TAXATION

a. Estimated Claims for Tax Refund

	2013	2012	2011
Income Taxes:			
Article 21			
Article 23			
Article 29			
Year 2013 -			
Year 2012 -			
Year 2011 -			
Year 2010 -			
Value-Added Tax			
Total			

b. Pajak Dibayar Di Muka

	2011
Pajak Pertambahan Nilai (Rp1.418.981.452)	156.482
Total	156.482

b. Prepaid Taxes

Value-Added Tax (Rp1,418,981,452)	
Total	

c. Utang Pajak

	2013	2012	2011
Pajak Penghasilan:			
Pasal 21			
(Rp6.236.318.524 pada tahun 2013, Rp11.122.478.276 pada tahun 2012 dan Rp18.197.147.548 pada tahun 2011)	511.635	1.150.205	2.006.743
Pasal 22			
(Rp9.656.222.945)	792.196	-	-
Pasal 23			
(Rp21.363.099.606 pada tahun 2013, Rp5.757.439.716 pada tahun 2012 dan Rp25.720.173.483 pada tahun 2011)	1.752.654	595.392	2.836.367
Pasal 25 - Desember			
(Rp91.212.570.902 pada tahun 2012 dan Rp139.859.092.672 pada tahun 2011)	18.382.882	9.432.531	15.423.367
Pasal 29			
(US\$8.153.404 dan Rp76.401.395.529 pada tahun 2013, US\$65.544.115 dan Rp5.642.010.475 pada tahun 2012 dan US\$497.044 dan Rp1.099.496.902 pada tahun 2011)	14.421.465	66.127.570	618.294
Pajak Pertambahan Nilai, neto (Rp52.170.565.515 pada tahun 2013, Rp32.140.133.076 pada tahun 2012 dan Rp4.547.511.686 pada tahun 2011)	4.280.135	3.323.695	501.490
Total	40.140.967	80.629.393	21.386.261

c. Taxes Payable

	2013	2012	2011
Income Taxes:			
Article 21			
(Rp6,236,318,524 in 2013, Rp11,122,478,276 in 2012 and Rp18,197,147,548 in 2011)			
Article 22			
(Rp9,656,222,945)			
Article 23			
(Rp21,363,099,606 in 2013, Rp5,757,439,716 in 2012 and Rp25,720,173,483 in 2011)			
Article 25 - December			
(Rp91,212,570,902 in 2012 and Rp139,859,092,672 in 2011)			
Article 29			
(US\$8,153,404 and Rp76,401,395,529 in 2013, US\$65,544,115 and Rp5,642,010,475 in 2012 and US\$497,044 and Rp1,099,496,902 in 2011)			
Value-Added Taxes, net			
(Rp52,170,565,515 in 2013, Rp32,140,133,076 in 2012 and Rp4,547,511,686 in 2011)			
Total			

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22. PERPAJAKAN (lanjutan)

d. Beban Pajak

Beban (manfaat) pajak Perusahaan dan Entitas Anak terdiri dari:

	2013	2012	2011
Kini			
Perusahaan			
Tahun berjalan	188.047.888	215.494.000	157.599.868
Tahun 2011			
Bunga dan denda pajak	969.556	-	-
Sub-total	189.017.444	215.494.000	157.599.868
Entitas Anak	37.625.112	22.873.358	20.382.117
Sub-total	226.642.556	238.367.358	177.981.985
Tangguhan			
Perusahaan	4.579.849	(2.703.067)	(4.799.601)
Entitas Anak	(25.256)	(2.612.514)	(3.108.886)
Sub-total	4.554.593	(5.315.581)	(7.908.487)
Beban pajak - neto	231.197.149	233.051.777	170.073.498

e. Pajak Kini

Rekonsiliasi antara laba sebelum manfaat (beban) pajak, seperti yang tercantum dalam laporan laba rugi komprehensif konsolidasian dan estimasi laba kena pajak adalah sebagai berikut:

	2013	2012	2011
Laba sebelum manfaat (beban) pajak menurut laporan laba rugi komprehensif konsolidasian	1.125.081.669	1.148.308.027	871.974.017
Laba sebelum manfaat (beban) pajak Entitas Anak	(144.649.519)	(74.904.394)	(65.343.245)
Penyesuaian konsolidasian	(10.595.655)	10.578.636	9.050.898
Laba sebelum pajak - Perusahaan	969.836.495	1.083.982.269	815.681.670
Beda temporer			
Penyisihan kerugian penurunan nilai piutang	1.048.880	1.302.636	(1.068.962)
Gaji dan bonus	(986.117)	3.071.193	5.139.025
Kesejahteraan karyawan - neto	(17.333.389)	7.741.077	14.590.215
Penyisihan persediaan usang - setelah dikurangi pemulihan	-	930.144	37.672
Beda temporer - neto	(17.270.626)	13.045.050	18.697.950
Beda tetap			
Gaji dan kesejahteraan karyawan	13.235.567	16.582.824	19.407.206
Beban lain-lain yang tidak dapat dikurangkan	6.737.733	2.759.375	2.684.900
Representasi dan jamuan	3.743.209	4.748.602	4.547.949
Pajak dan perizinan - neto	39.413	141.139	7.944
Penghasilan bunga yang telah dikenakan pajak penghasilan final	(19.251.849)	(22.814.612)	(33.058.294)
Pendapatan dividen yang tidak dikenakan pajak	(16.811.767)	(20.954.500)	(14.203.892)
Penghasilan sewa yang telah dikenakan pajak final	(18.736)	(19.984)	(182.001)
Selisih kurs	-	-	(25.584.092)
Beda tetap - neto	(12.326.430)	(19.557.156)	(46.380.280)
Estimasi laba kena pajak	940.239.439	1.077.470.163	787.999.340

22. TAXATION (continued)

d. Tax Expense

Tax expense (benefit) of the Company and Subsidiaries are as follows:

	2013	2012	2011	
Kini				Current
Perusahaan				The Company
Tahun berjalan	188.047.888	215.494.000	157.599.868	Current year
Tahun 2011				Year 2011
Bunga dan denda pajak	969.556	-	-	Tax interest and penalty
Sub-total	189.017.444	215.494.000	157.599.868	Sub-total
Entitas Anak	37.625.112	22.873.358	20.382.117	Subsidiaries
Sub-total	226.642.556	238.367.358	177.981.985	Sub-total
Tangguhan				Deferred
Perusahaan	4.579.849	(2.703.067)	(4.799.601)	The Company
Entitas Anak	(25.256)	(2.612.514)	(3.108.886)	Subsidiaries
Sub-total	4.554.593	(5.315.581)	(7.908.487)	Sub-total
Beban pajak - neto	231.197.149	233.051.777	170.073.498	Tax expense - net

e. Current Tax

The reconciliation between profit before tax benefit (expense), as shown in the consolidated statements of comprehensive income and estimated taxable income is as follows:

	2013	2012	2011	
Laba sebelum manfaat (beban) pajak menurut laporan laba rugi komprehensif konsolidasian	1.125.081.669	1.148.308.027	871.974.017	Profit before tax benefit (expense) per consolidated statements of comprehensive income
Laba sebelum manfaat (beban) pajak Entitas Anak	(144.649.519)	(74.904.394)	(65.343.245)	Profit before tax benefit (expense) of the Subsidiaries
Penyesuaian konsolidasian	(10.595.655)	10.578.636	9.050.898	Consolidation adjustments
Laba sebelum pajak - Perusahaan	969.836.495	1.083.982.269	815.681.670	Profit before tax expense of the Company
Beda temporer				Temporary differences
Penyisihan kerugian penurunan nilai piutang	1.048.880	1.302.636	(1.068.962)	Provision for receivables impairment losses
Gaji dan bonus	(986.117)	3.071.193	5.139.025	Salary and bonus
Kesejahteraan karyawan - neto	(17.333.389)	7.741.077	14.590.215	Employees' benefits - net
Penyisihan persediaan usang - setelah dikurangi pemulihan	-	930.144	37.672	Provision for inventory obsolescence - net of reversal
Beda temporer - neto	(17.270.626)	13.045.050	18.697.950	Temporary differences - net
Beda tetap				Permanent differences
Gaji dan kesejahteraan karyawan	13.235.567	16.582.824	19.407.206	Salaries and other employees' benefits
Beban lain-lain yang tidak dapat dikurangkan	6.737.733	2.759.375	2.684.900	Other non-deductible expenses
Representasi dan jamuan	3.743.209	4.748.602	4.547.949	Representation and entertainment
Pajak dan perizinan - neto	39.413	141.139	7.944	Taxes and licenses - net
Penghasilan bunga yang telah dikenakan pajak penghasilan final	(19.251.849)	(22.814.612)	(33.058.294)	Interest income already subject to final income tax
Pendapatan dividen yang tidak dikenakan pajak	(16.811.767)	(20.954.500)	(14.203.892)	Non-taxable dividend income
Penghasilan sewa yang telah dikenakan pajak final	(18.736)	(19.984)	(182.001)	Rental income already subject to final income tax
Selisih kurs	-	-	(25.584.092)	Foreign exchange difference
Beda tetap - neto	(12.326.430)	(19.557.156)	(46.380.280)	Permanent differences - net
Estimasi laba kena pajak	940.239.439	1.077.470.163	787.999.340	Estimated taxable income

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22. PERPAJAKAN (lanjutan)

e. Pajak Kini (lanjutan)

	2013	2012	2011
Beban pajak kini - Perusahaan	188.047.888	215.494.000	157.599.868
Pembayaran pajak penghasilan di muka			
Pajak Penghasilan Pasal 23	579.874	784.053	931.293
Pajak Penghasilan Pasal 25	218.181.122	151.918.758	166.281.949
Sub-total	218.760.996	152.702.811	167.213.242
Estimasi Utang Pajak Penghasilan Badan Perusahaan	-	62.791.189	-
Entitas Anak	14.421.465	3.336.381	618.294
Total	14.421.465	66.127.570	618.294
Estimasi tagihan pajak untuk tahun berjalan Perusahaan	30.713.108	-	9.613.374

22. TAXATION (continued)

e. Current Tax (continued)

	2013	2012	2011	
Beban pajak kini - Perusahaan	188.047.888	215.494.000	157.599.868	Current tax expense - the Company
Pembayaran pajak penghasilan di muka				Prepayments of income taxes
Pajak Penghasilan Pasal 23	579.874	784.053	931.293	Income Tax Article 23
Pajak Penghasilan Pasal 25	218.181.122	151.918.758	166.281.949	Income Tax Article 25
Sub-total	218.760.996	152.702.811	167.213.242	Sub-total
Estimasi Utang Pajak Penghasilan Badan Perusahaan	-	62.791.189	-	Estimated Corporate Income Tax Payables
Entitas Anak	14.421.465	3.336.381	618.294	The Company Subsidiaries
Total	14.421.465	66.127.570	618.294	Total
Estimasi tagihan pajak untuk tahun berjalan Perusahaan	30.713.108	-	9.613.374	Estimated claims for tax refund for the year
				The Company

	2013	2012	2011
Estimasi Tagihan Pajak Penghasilan Pasal 29 Tahun berjalan Perusahaan	(30.714.165)	-	(9.613.374)
Entitas Anak	-	(139.603)	-
Tahun sebelumnya Perusahaan	-	(9.014.899)	-
Entitas Anak	(59.504)	-	(118.947)
Total	(30.773.669)	(9.154.502)	(9.732.321)

Estimated Claims for Income Tax Refund Article 29
Current year
The Company
Subsidiary
Prior year
The Company
Subsidiary

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, regarding Reduction of the Rate of Income Tax on Resident Corporate Tax Payers 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, that 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, provided 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.

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22. PERPAJAKAN (lanjutan)

e. Pajak Kini (lanjutan)

Ketentuan sebagaimana dimaksud harus dipenuhi oleh perseroan terbuka dalam waktu paling singkat 6 bulan dalam jangka waktu 1 tahun pajak. Wajib Pajak harus melampirkan Surat Keterangan dari Biro Administrasi Efek pada Surat Pemberitahuan Tahunan PPh Wajib Pajak Badan dengan melampirkan formulir X.H.1-6 sebagaimana diatur dalam Peraturan Badan Pengawas Pasar Modal dan Lembaga Keuangan (Bapepam-LK) No. X.H.1 untuk setiap tahun pajak terkait.

Pada tanggal 2 Agustus 2013, 4 Januari 2013 dan 5 Januari 2012, Perusahaan telah mendapatkan surat keterangan dari Biro Administrasi Efek atas pemenuhan kriteria-kriteria di atas untuk tahun 2013, 2012 dan 2011. Dampak dari penurunan tarif pajak tersebut masing-masing sebesar US\$47.927.993, US\$54.199.112 dan US\$38.413.505 untuk tahun 2013, 2012 dan 2011.

Pada tanggal 31 Desember 2013, akumulasi "Selisih Transaksi Restrukturisasi Entitas Sepengendali", yang disajikan sebagai bagian dari "Modal Disetor Lainnya" pada laporan posisi keuangan konsolidasian sebesar Rp314.889.945.926 (setara dengan US\$35.301.648), terdiri dari pajak atas laba penjualan aset tetap tahun 2004 sebesar Rp325.519.727.021 (setara dengan US\$36.493.243) dan pajak atas rugi penjualan aset tetap tahun 2006 sebesar Rp10.629.781.095 (setara dengan US\$1.191.679).

22. TAXATION (continued)

e. Current Tax (continued)

These requirements should be fulfilled by the public companies for a year of 6 months in 1 tax year. The Tax Payer should attach the Notification Letter from the Securities Administration Agency (Biro Administrasi Efek) on the Annual Income Tax Return of the Tax Payer with the form X.H.1-6 as provided in Bapepam-LK Regulation No. X.H.1 for each concerned fiscal year.

As of August 2, 2013, January 4, 2013 and January 5, 2012, the Company has obtained the notification letter from Securities Administration Agency (Biro Administrasi Efek) regarding the fulfillment of such criterias for 2013, 2012 and 2011. The impact of the changes in such tax rate reduction amounted to US\$47,927,993, US\$54,199,112 and US\$38,413,505 for the years of 2013, 2012 and 2011, respectively.

As of December 31, 2013, the accumulated "Difference Arising from Restructuring Transactions among Entities under Common Control" which is presented as part of "Other Paid-in Capital" account in the consolidated statements of financial position amounted to Rp314,889,945,926 (equivalent to US\$35,301,648) and consists of tax on the gain on sale of fixed assets in 2004 amounting to Rp325,519,727,021 (equivalent to US\$36,493,243) and tax on the loss on sale of fixed assets in 2006 amounting to Rp10,629,781,095 (equivalent to US\$1,191,679).

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22. PERPAJAKAN (lanjutan)

f. Pajak Tangguhan

Pengaruh pajak atas beda temporer yang signifikan antara pelaporan komersial dan pajak adalah sebagai berikut:

22. TAXATION (continued)

f. Deferred Tax

The tax effects of significant temporary differences between commercial and tax reporting are as follows:

	Saldo Awal per 31 Des. 2012/ Beginning Balance Dec. 31, 2012	Dibebankan ke Laporan Laba Rugi Komprehensif/ Charged to Statements of Comprehensive Income	Selisih Kurs karena Penjabaran (Catatan 2b)/ Difference in Foreign Currency Translation (Note 2b)	Saldo Akhir per 31 Des. 2013/ Ending Balance Dec. 31, 2013	
Perusahaan					The Company
Aset pajak tangguhan					Deferred tax assets
Kesejahteraan karyawan	29.008.779	(9.524.357)	-	19.484.422	Employees' benefits
Gaji dan bonus	8.091.804	(246.529)	-	7.845.275	Salaries and bonus
Cadangan kerugian penurunan nilai	3.099.895	262.220	-	3.362.115	Allowance for impairment losses
Penyisihan persediaan usang	325.920	-	-	325.920	Allowance for inventory obsolescence
Penyisihan aset pajak tangguhan	(3.425.815)	(262.220)	-	(3.688.035)	Allowance for deferred tax assets
Aset pajak tangguhan - neto	37.100.583	(9.770.886)	-	27.329.697	Deferred tax assets - net
Entitas Anak					The Subsidiaries
PGASKOM					PGASKOM
Aset pajak tangguhan					Deferred tax assets
Aset tetap	314.430	(290.794)	(23.636)	-	Fixed assets
Rugi fiskal	157.370	(145.540)	(11.830)	-	Fiscal loss
Gaji dan bonus	-	64.139	(9.119)	55.020	Salaries and bonus
Kesejahteraan karyawan	-	20.420	2.463	22.883	Employees' benefits
Cadangan kerugian penurunan nilai	-	4.902	(697)	4.205	Allowance for impairment losses
Aset pajak tangguhan - neto	471.800	(346.873)	(42.819)	82.108	Deferred tax assets - net
PGASSOL					PGASSOL
Aset pajak tangguhan					Deferred tax assets
Rugi fiskal	232.191	(214.737)	(17.454)	-	Fiscal loss
Aset tetap	231.808	143.747	(70.558)	304.997	Fixed assets
Gaji dan bonus	-	96.072	(13.659)	82.413	Salaries and bonus
Kesejahteraan karyawan	-	24.553	5.596	30.149	Employees' benefits
Aset pajak tangguhan - neto	463.999	49.635	(96.075)	417.559	Deferred tax assets - net
GAGAS					GAGAS
Aset pajak tangguhan					Deferred tax assets
Kesejahteraan karyawan	225	1.788	-	2.013	Employees' benefits
Bonus	91.890	60.561	-	152.451	Bonus
Aset pajak tangguhan - neto	92.115	62.349	-	154.464	Deferred tax assets - net
PLI					PLI
Aset pajak tangguhan					Deferred tax asset
Rugi fiskal	135.849	816.601	(144.177)	808.273	Fiscal loss
Aset pajak tangguhan - neto	135.849	816.601	(144.177)	808.273	Deferred tax asset - net
SAKA					SAKA
Aset pajak tangguhan					Deferred tax asset
Bonus	-	87.609	(12.441)	75.168	Bonus
Aset pajak tangguhan - neto	-	87.609	(12.441)	75.168	Deferred tax asset - net
Aset pajak tangguhan konsolidasian - neto	38.264.346			28.867.269	Consolidated deferred tax assets - net

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22. PERPAJAKAN (lanjutan)

f. Pajak Tangguhan (lanjutan)

	Saldo Awal per 31 Des. 2012/ Beginning Balance Dec. 31, 2012	Dibebankan ke Laporan Laba Rugi Komprehensif/ Charged to Statements of Comprehensive Income	Selisih Kurs karena Penjabaran (Catatan 2b)/ Difference in Foreign Currency Translation (Note 2b)	Saldo Akhir per 31 Des. 2013/ Ending Balance Dec. 31, 2013
Entitas Anak (lanjutan)				
Transgasindo				
Aset pajak tangguhan				
Kesejahteraan karyawan	1.429.880	(562.330)	-	867.550
Cadangan kerugian penurunan nilai	1.001.368	(1.001.368)	-	-
Bonus	528.040	(193.802)	-	334.238
Liabilitas pajak tangguhan				
Aset tetap	(3.610.143)	1.837.124	-	(1.773.019)
Liabilitas pajak tangguhan - neto	(650.855)	79.624	-	(571.231)
Liabilitas pajak tangguhan konsolidasian - neto	(650.855)			(571.231)

The Subsidiaries (continued)

Transgasindo
Deferred tax assets
Employees' benefits
Allowance
for impairment losses
Bonus
Deferred tax liability
Fixed assets
Deferred tax liability - net
Consolidated deferred tax liability - net

	Saldo Awal per 31 Des. 2011/ Beginning Balance Dec. 31, 2011	Dibebankan ke Laporan Laba Rugi Komprehensif/ Charged to Statements of Comprehensive Income	Penyesuaian/ Adjustment	Saldo Akhir per 31 Des. 2012/ Ending Balance Dec. 31, 2012
Perusahaan				
Aset pajak tangguhan				
Kesejahteraan karyawan	13.104.309	4.199.896	-	17.304.205
Penyesuaian sehubungan dengan penerapan PSAK No. 24 (Revisi 2010)	-	-	11.704.574	11.704.574
Sub-total	13.104.309	4.199.896	11.704.574	29.008.779
Gaji dan bonus	7.324.006	767.798	-	8.091.804
Cadangan kerugian penurunan nilai	2.774.236	325.659	-	3.099.895
Penyisihan persediaan usang	93.384	232.536	-	325.920
Penyisihan aset pajak tangguhan	(2.867.620)	(558.195)	-	(3.425.815)
Aset pajak tangguhan - neto	20.428.315	4.967.694	11.704.574	37.100.583

The Company
Deferred tax assets
Employees' benefits
Adjustment arising from
adoption of PSAK No. 24
(Revised 2010)
Sub-total
Salaries and bonus
Allowance
for impairment losses
Allowance for inventory
obsolescence
Allowance
for deferred tax assets
Deferred tax assets - net

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f. Pajak Tangguhan (lanjutan)

	Saldo Awal per 31 Des. 2011/ <i>Beginning Balance Dec. 31, 2011</i>	Dibebankan ke Laporan Laba Rugi Komprehensif/ <i>Charged to Statements of Comprehensive Income</i>	Selisih Kurs karena Penjabaran (Catatan 2b)/ <i>Difference in Foreign Currency Translation (Note 2b)</i>	Saldo Akhir per 31 Des. 2012/ <i>Ending Balance Dec. 31, 2012</i>
Entitas Anak				
PGASKOM				
Aset pajak tangguhan				
Aset tetap	-	324.014	(9.584)	314.430
Rugi fiskal	252.870	(82.189)	(13.311)	157.370
Aset pajak tangguhan - neto	252.870	241.825	(22.895)	471.800
PGASSOL				
Aset pajak tangguhan				
Aset tetap	-	238.873	(7.065)	231.808
Rugi fiskal	91.921	150.442	(10.172)	232.191
Aset pajak tangguhan - neto	91.921	389.315	(17.237)	463.999
GAGAS				
Aset pajak tangguhan				
Rugi fiskal	15.607	(16.127)	520	-
Kesejahteraan karyawan	-	225	-	225
Bonus	-	91.890	-	91.890
Aset pajak tangguhan - neto	15.607	75.988	520	92.115
PLI				
Aset pajak tangguhan				
Rugi fiskal	-	139.989	(4.140)	135.849
Aset pajak tangguhan - neto	-	139.989	(4.140)	135.849
Aset pajak tangguhan konsolidasian - neto	20.788.713			38.264.346
Transgasindo				
Aset pajak tangguhan				
Kesejahteraan karyawan	1.007.838	(105.816)	-	902.022
Penyesuaian sehubungan dengan penerapan PSAK No. 24 (Revisi 2010)	-	527.858	-	527.858
Sub-total	1.007.838	422.042	-	1.429.880
Cadangan kerugian penurunan nilai	1.001.368	-	-	1.001.368
Bonus	549.070	(21.030)	-	528.040
Liabilitas pajak tangguhan Aset tetap	(5.144.152)	1.534.009	-	(3.610.143)
Liabilitas pajak tangguhan - neto	(2.585.876)	1.935.021	-	(650.855)
Liabilitas pajak tangguhan konsolidasian - neto	(2.585.876)			(650.855)

The Subsidiaries
PGASKOM
Deferred tax assets
Fixed assets
Fiscal loss

Deferred tax assets - net

PGASSOL
Deferred tax assets
Fixed assets
Fiscal loss

Deferred tax assets - net

GAGAS
Deferred tax assets
Fiscal loss
Employees' benefits
Bonus

Deferred tax assets - net

PLI
Deferred tax asset
Fiscal loss

Deferred tax asset - net

Consolidated deferred tax assets - net

Transgasindo
Deferred tax assets
Employees' benefits
Adjustment arising from adoption of PSAK No. 24 (Revised 2010)

Sub-total

Allowance

for impairment losses

Bonus

Deferred tax liability

Fixed assets

Deferred tax liability - net

Consolidated deferred tax liability - net

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22. PERPAJAKAN (lanjutan)

f. Pajak Tangguhan (lanjutan)

	Saldo Awal per 31 Des. 2010/ Beginning Balance Dec. 31, 2010	Dibebankan ke Laporan Laba Rugi Komprehensif/ Charged to Statements of Comprehensive Income	Selisih Kurs karena Penjabaran (Catatan 2c)/ Difference in Foreign Currency Translation (Note 2c)	Saldo Akhir per 31 Des. 2011/ Ending Balance Dec. 31, 2011	
Perusahaan					The Company
Aset pajak tangguhan					Deferred tax assets
Kesejahteraan karyawan	9.537.744	3.566.565	-	13.104.309	Employees' benefits
Gaji dan bonus	6.090.970	1.233.036	-	7.324.006	Salaries and bonus
Cadangan kerugian penurunan nilai	3.067.524	(293.288)	-	2.774.236	Allowance for impairment losses
Penyisihan persediaan usang	84.685	8.699	-	93.384	Allowance for inventory obsolescence
Penyisihan aset pajak tangguhan	(3.152.209)	284.589	-	(2.867.620)	Allowance for deferred tax assets
Aset pajak tangguhan - neto	15.628.714	4.799.601	-	20.428.315	Deferred tax assets - net
Entitas Anak					The Subsidiaries
PGASKOM					PGASKOM
Aset pajak tangguhan					Deferred tax asset
Rugi fiskal	39.274	221.047	(7.451)	252.870	Fiscal loss
Aset pajak tangguhan - neto	39.274	221.047	(7.451)	252.870	Deferred tax asset - net
PGASSOL					PGASSOL
Aset pajak tangguhan					Deferred tax asset
Rugi fiskal	17.001	77.562	(2.642)	91.921	Fiscal loss
Aset pajak tangguhan - neto	17.001	77.562	(2.642)	91.921	Deferred tax asset - net
GAGAS					GAGAS
Aset pajak tangguhan					Deferred tax asset
Rugi fiskal	-	16.127	(520)	15.607	Fiscal loss
Aset pajak tangguhan - neto	-	16.127	(520)	15.607	Deferred tax asset - net
Aset pajak tangguhan konsolidasian - neto	15.684.989			20.788.713	Consolidated deferred tax assets - net
Transgasindo					Transgasindo
Aset pajak tangguhan					Deferred tax assets
Kesejahteraan karyawan	523.593	484.245	-	1.007.838	Employees' benefits
Cadangan kerugian penurunan nilai	-	1.001.368	-	1.001.368	Allowance for impairment losses
Bonus	619.783	(70.713)	-	549.070	Bonus
Liabilitas pajak tangguhan Aset tetap	(6.523.402)	1.379.250	-	(5.144.152)	Deferred tax liability Fixed assets
Liabilitas pajak tangguhan - neto	(5.380.026)	2.794.150	-	(2.585.876)	Deferred tax liability - net
Liabilitas pajak tangguhan konsolidasian - neto	(5.380.026)			(2.585.876)	Consolidated deferred tax liability - net

Rincian manfaat (beban) pajak tangguhan adalah sebagai berikut:

The details of deferred tax benefit (expense) are as follows:

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22. PERPAJAKAN (lanjutan)

f. Pajak Tangguhan (lanjutan)

	2013	2012	2011
Pengaruh pajak atas beda temporer pada tarif pajak maksimum:			
<u>Perusahaan</u>			
Kesejahteraan karyawan	(4.333.320)	1.935.269	3.566.565
Penyisihan aset pajak tangguhan	262.220	(558.195)	284.589
Gaji dan bonus	(246.529)	767.798	1.233.036
Penyisihan persediaan usang	-	232.536	8.699
Cadangan kerugian penurunan nilai	(262.220)	325.659	(293.288)
<u>Entitas Anak</u>			
Penyusutan	1.690.077	2.096.896	1.379.250
Kesejahteraan karyawan	11.360	252.643	484.245
Rugi fiskal	456.324	192.115	314.736
Bonus	114.579	70.860	(70.713)
Cadangan kerugian penurunan nilai	(996.466)	-	1.001.368
Pajak atas FTP (Catatan 19)	(1.250.618)	-	-
Manfaat pajak tangguhan, neto	(4.554.593)	5.315.581	7.908.487

Rincian manfaat pajak tangguhan atas kesejahteraan karyawan yang disajikan dalam Pendapatan Komprehensif Lainnya sebagai berikut:

	2013	2012	2011
<u>Perusahaan</u>			
Manfaat (beban) pajak tangguhan atas kesejahteraan karyawan:			
Kerugian (keuntungan) aktuarial			
Awal tahun	13.969.201	11.704.574	-
Tahun berjalan	(5.191.037)	2.264.627	-
<u>Entitas Anak</u>			
Manfaat (beban) pajak tangguhan atas kesejahteraan karyawan:			
Kerugian (keuntungan) aktuarial			
Awal tahun	169.624	527.858	-
Tahun berjalan	(526.929)	(358.234)	-
Manfaat pajak tangguhan, neto	8.420.859	14.138.825	-

Aset dan liabilitas pajak tangguhan, selain akumulasi rugi fiskal, berasal dari perbedaan metode atau dasar yang digunakan untuk tujuan pencatatan menurut pelaporan akuntansi dan pajak, terutama terdiri dari penyusutan aset tetap, cadangan kerugian penurunan nilai, penyisihan persediaan usang, provisi untuk gaji dan bonus karyawan dan provisi untuk kesejahteraan karyawan

Perbedaan dasar pencatatan aset tetap adalah karena perbedaan estimasi masa manfaat aset untuk tujuan pelaporan akuntansi dan pajak.

Perbedaan dasar cadangan kerugian penurunan nilai, penyisihan persediaan usang, provisi untuk gaji dan bonus karyawan dan penyisihan manfaat karyawan karena perbedaan waktu pengakuan beban untuk tujuan pelaporan akuntansi dan pajak.

22. TAXATION (continued)

f. Deferred Tax (continued)

	2013	2012	2011	
				The effects of temporary differences at maximum tax rate:
				<u>The Company</u>
				Employees' benefits
				Valuation allowance
				Salaries and bonus
				Provision for inventory obsolescence
				Provision for impairment losses
				<u>Subsidiaries</u>
				Depreciation
				Employees' benefits
				Fiscal loss
				Bonus
				Provision for impairment losses
				Tax of FTP (Note 19)
Manfaat pajak tangguhan, neto	(4.554.593)	5.315.581	7.908.487	Deferred tax benefit, net

The details of deferred tax benefit for employees' benefits presented in the Other Comprehensive Income are as follows:

	2013	2012	2011	
<u>Perusahaan</u>				<u>The Company</u>
Manfaat (beban) pajak tangguhan atas kesejahteraan karyawan:				Deferred tax benefit (expense) for employees' benefits:
Kerugian (keuntungan) aktuarial				Actuarial loss (gain)
Awal tahun	13.969.201	11.704.574	-	Beginning of year
Tahun berjalan	(5.191.037)	2.264.627	-	Current year
<u>Entitas Anak</u>				<u>Subsidiaries</u>
Manfaat (beban) pajak tangguhan atas kesejahteraan karyawan:				Deferred tax benefit (expense) for employees' benefits:
Kerugian (keuntungan) aktuarial				Actuarial loss (gain)
Awal tahun	169.624	527.858	-	Beginning of year
Tahun berjalan	(526.929)	(358.234)	-	Current year
Manfaat pajak tangguhan, neto	8.420.859	14.138.825	-	Deferred tax benefit, net

Deferred tax assets and liabilities, other than accumulated tax losses, arose from the difference in the methods or basis used for accounting and tax reporting purposes, mainly comprising depreciation on fixed assets, allowance for impairment losses, allowance for inventory obsolescence, provision for employees' salaries and bonus and provision for employees' benefits.

The difference in the basis of recording of fixed assets is due to the differences in the estimated useful lives of the assets for accounting and tax reporting purposes.

The differences in the basis of allowance for impairment losses, allowance for inventory obsolescence, provision for employees' salaries and bonus and allowance for employees' benefits are due to the difference in timing of recognition of expenses for accounting and tax reporting purposes.

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22. PERPAJAKAN (lanjutan)

f. Pajak Tangguhan (lanjutan)

Manajemen berpendapat bahwa penyisihan aset pajak tangguhan adalah cukup untuk menutup manfaat yang mungkin tidak dapat direalisasi.

Tidak terdapat konsekuensi pajak penghasilan atas pembayaran dividen oleh Entitas-entitas Anak domestik dan Entitas Asosiasi kepada Perusahaan dan Perusahaan bermaksud memegang investasi tersebut dalam jangka panjang.

Rekonsiliasi antara estimasi pajak penghasilan yang dihitung dengan menggunakan tarif pajak yang berlaku pada tahun 2013, 2012 dan 2011 dari laba akuntansi sebelum manfaat (beban) pajak penghasilan seperti yang tercantum dalam laporan laba rugi komprehensif konsolidasian untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 adalah sebagai berikut:

	2013	2012	2011	
Laba sebelum manfaat (beban) pajak konsolidasian	1.125.081.669	1.148.308.027	871.974.017	Consolidated profit before tax benefit (expense)
Eliminasi laba rugi	(10.595.653)	10.578.636	4.510.371	Elimination of revenues and expenses
Laba sebelum manfaat (beban) pajak konsolidasian sebelum eliminasi	1.114.486.016	1.158.886.663	876.484.388	Consolidated profit before tax benefit (expense) before elimination
Beban pajak dengan tarif pajak 25%	278.621.504	289.721.666	219.121.097	Tax expense computed using rate 25%
Pengaruh pajak atas beda tetap Perusahaan dan Entitas Anaknya	(1.591.630)	(3.149.012)	(8.278.087)	Tax effect of the Company and Subsidiaries' permanent differences
Pengaruh perbedaan penggunaan tarif dalam perhitungan pajak tangguhan	1.125.712	(94.092)	(206.440)	Effect from different rate used in deferred tax calculation
Pengaruh penurunan tarif pajak penghasilan dalam perhitungan pajak kini Perusahaan	(47.927.993)	(54.199.112)	(41.637.654)	Effect of income tax rate reduction used in current tax computation in the Company
Koreksi hasil pemeriksaan pajak penghasilan tahun sebelumnya	969.556	-	-	Correction for prior year income tax assessment
Estimasi rugi fiskal yang tidak diakui pada Entitas Anak	-	772.327	1.074.582	Unrecognized estimated tax loss in Subsidiaries
Estimasi beban pajak - neto menurut laporan laba rugi komprehensif konsolidasian	231.197.149	233.051.777	170.073.498	Estimated tax expense - net per consolidated statements of comprehensive income

g. Administrasi

Berdasarkan peraturan perpajakan Indonesia, Perusahaan dan Entitas Anak menghitung, menetapkan dan membayar sendiri jumlah pajak yang terutang. Direktorat Jenderal Pajak dapat menetapkan dan mengubah kewajiban pajak dalam batas waktu 10 tahun sejak tanggal terutangnya pajak. Menurut perubahan ketiga atas ketentuan umum dan tata cara perpajakan, batas waktu tersebut berkurang menjadi 5 tahun sejak tanggal terutangnya pajak dan untuk tahun pajak 2008 dan sebelumnya, batas waktu tersebut berakhir paling lama pada akhir tahun pajak 2013.

22. TAXATION (continued)

f. Deferred Tax (continued)

The management believes that the valuation allowance for deferred tax assets is adequate to cover the possible that such tax benefits will not be realized.

There are no income tax consequences attached to the payment of dividends by the local Subsidiaries and Associates to the Company and the Company intends to hold the investment for long-term.

The reconciliation between tax expense computed using the prevailing tax rate in 2013, 2012 and 2011 on the accounting income before tax benefit (expense) reported in the consolidated statements of comprehensive income for the years ended as of December 31, 2013, 2012 and 2011 is as follows:

g. Administration

Under the taxation laws of Indonesia, the Company and Subsidiaries submits tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within 10 years after the date when the tax became payable. Based on the third amendment of the general taxation provisions and procedures, the time limit for assessment is 5 years since the tax becomes liable and for prior years to 2008, the time limit will end at the latest on fiscal year 2013.

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22. PERPAJAKAN (lanjutan)

g. Administrasi (lanjutan)

Perusahaan telah menyampaikan Surat Pemberitahuan Pajak Tahunan (SPT) Tahun 2012 sesuai dengan perhitungan di atas, sedangkan untuk tahun 2013, Perusahaan akan menyampaikan SPTnya sesuai dengan angka di atas.

h. Surat Ketetapan Pajak

Perusahaan

Pada tanggal 26 April 2013, Perusahaan menerima SKPLB untuk Pajak Penghasilan Badan tahun 2011 sebesar Rp77.208.977.387, Surat Ketetapan Pajak Kurang Bayar (SKPKB) untuk Pajak Pertambahan Nilai Barang dan Jasa atas Pemanfaatan Jasa Kena Pajak dari Luar Daerah Pabean untuk masa pajak Januari sampai Desember 2011 sebesar Rp348.663.206, dan menerima Surat Tagihan Pajak (STP) atas Pajak Pertambahan Nilai diatas untuk masa pajak Januari sampai Desember 2011 sebesar Rp52.827.758. Pada tanggal 2 Juli 2013, Perusahaan telah menerima kelebihan pembayaran pajak tersebut sebesar Rp76.807.486.423 setelah dikurangi dengan kekurangan bayar pajak dan tagihan pajak. Selisih antara jumlah yang ditagih oleh Perusahaan dengan jumlah yang dikembalikan oleh Kantor Pajak disajikan sebagai akun "Beban Pajak Kini" untuk pajak penghasilan dan "Beban Lain-Lain" untuk pajak lainnya dalam laporan laba rugi komprehensif konsolidasian pada tahun berjalan.

**PT Transportasi Gas Indonesia
(Transgasindo), Entitas Anak**

Sehubungan dengan proses restitusi Pajak Pertambahan Nilai (PPN):

Selama tahun 2013, 2012 dan 2011, Transgasindo menerima beberapa Surat Ketetapan Pajak Lebih Bayar (SKPLB) PPN dengan jumlah keseluruhan masing-masing sebesar Rp19,6 miliar, Rp22,3 miliar dan Rp53,1 miliar. Transgasindo telah menyetujui seluruh ketetapan pajak tersebut kecuali untuk Surat Ketetapan Pajak masa April 2012 sampai dengan September 2012 dan masa Februari 2011 sampai dengan September 2011, dengan jumlah keberatan pajak masing-masing sebesar Rp0,5 miliar dan Rp0,1 miliar yang mencerminkan selisih antara jumlah yang ditetapkan Kantor Pajak dengan yang ditagih oleh Transgasindo.

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22. TAXATION (continued)

g. Administration (continued)

The Company has filed its 2012 Annual Tax Return (SPT) in accordance with the above computation, while for 2013, the Company will file the SPT in accordance with above figures.

h. Tax Assessment Letters

The Company

On April 26, 2013, the Company has received SKPLB of Corporate Income Tax for the year 2011 amounting to Rp77,208,977,387, Tax Assessment Letter for Underpayment (SKPKB) of Value-Added Tax for the utilization of taxable services from the Outside of the Pabean Area for the periods of January until December 2011 amounting to Rp348,663,206 and the Company also received Tax Claim Letter (STP) for the above Value-Added Tax for the periods of January until December 2011 amounting to Rp52,827,758. On July 2, 2013, the Company received the refund of such tax overpayment amounting to Rp76,807,486,423, net of the tax underpayments and tax claim. The difference between the amount claimed by the Company and the amount refunded by the Tax Office is presented in the "Current Tax Expense" account for income tax and "Other Expense" account for other tax in the consolidated statements of comprehensive income.

**PT Transportasi Gas Indonesia
(Transgasindo), the Subsidiary**

In relation to Value-added Tax (VAT) refund process:

During the years of 2013, 2012 and 2011, Transgasindo received several VAT Overpayment Tax Assessment Letters (SKPLB) with tax refund totaling to Rp19.6 billion, Rp22.3 billion and Rp53.1 billion, respectively. Transgasindo has agreed to the above tax assessments, except for Tax Assessment Letters for the months of April 2012 to September 2012 and February 2011 to September 2011, with tax objection amounting to Rp0.5 billion and Rp0.1 billion, respectively, which represents the difference between the amount determined by the Tax Office with the amount claimed by Transgasindo.

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22. PERPAJAKAN (lanjutan)

h. Surat Ketetapan Pajak (lanjutan)

**PT Transportasi Gas Indonesia
(Transgasindo), Entitas Anak (lanjutan)**

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, Transgasindo masih menunggu keputusan dari Kantor Pajak atas keberatan yang diajukan.

Selama tahun 2013, 2012 dan 2011, Transgasindo menerima hasil restitusi PPN masing-masing sejumlah Rp20,0 miliar (setara dengan US\$2,0 juta), Rp19,6 miliar (setara dengan US\$2,1 juta) dan Rp53,3 miliar (setara dengan US\$6,1 juta). Untuk setiap SKPLB yang telah disetujui Transgasindo, selisih antara jumlah yang ditagihkan Perusahaan dengan jumlah yang ditentukan oleh Kantor Pajak disajikan pada akun "Beban Lain-lain" pada laporan laba rugi komprehensif konsolidasian.

23. MODAL SAHAM

Susunan pemilikan saham Perusahaan pada tanggal 31 Desember 2013, 2012 dan 2011 berdasarkan catatan yang dibuat oleh PT Datindo Entrycom, Biro Administrasi Efek, adalah sebagai berikut:

	2013 dan/and 2012		
	Lembar Saham/ Number of Shares	US\$	%
Saham Seri A Dwiwarna	1	-	0,00
1. Pemerintah Republik Indonesia			
Saham Seri B	13.809.038.755	195.968.391	56,97
1. Pemerintah Republik Indonesia			
2. Masyarakat umum dan karyawan (masing-masing dibawah 5%)	10.430.448.940	148.021.765	43,03
3. Manajemen			
- Djoko Saputro (Direksi)	30.000	426	0,00
- Hendi Kusnadi (Direksi)	140.500	1.994	0,00
Ditempatkan dan disetor penuh	24.239.658.196	343.992.576	100,00
Modal saham diperoleh kembali*)	1.850.000	26.255	
Saham beredar	24.241.508.196	344.018.831	

Series A Dwiwarna Share
1. The Government of the Republic of Indonesia
Series B Shares
1. The Government of the Republic of Indonesia
2. Public and employees (each below 5%)
3. Management
Djoko Saputro (Director) -
Hendi Kusnadi (Director) -
Issued and fully paid
Treasury stock*)
Outstanding shares

22. TAXATION (continued)

h. Tax Assessment Letters (continued)

**PT Transportasi Gas Indonesia
(Transgasindo), the Subsidiary (continued)**

Up to the completion date of this consolidated financial statements, the Transgasindo is still waiting for the decision from the Tax Office regarding the tax objection which was submitted.

During the years 2013, 2012 and 2011, the Company received VAT refund totaling Rp20.0 billion (equivalent to US\$2 million), Rp19.6 billion (equivalent to US\$2.1 million) and Rp53.3 billion (equivalent to US\$6.1 million), respectively. For each SKPLB which has been agreed by Transgasindo, the difference between the amount claimed by Transgasindo with the amount determined by the Tax Office were presented under "Other Expenses" account in the consolidated statements of comprehensive income.

23. CAPITAL STOCK

The details of the shareholders as of December 31, 2013, 2012 and 2011 based on the report prepared by PT Datindo Entrycom, the Securities Administration Agency, are as follows:

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23. MODAL SAHAM (lanjutan)

23. CAPITAL STOCK (continued)

	2011			
	Lembar Saham/ Number of Shares	US\$	%	
Saham Seri A Dwiwarna				Series A Dwiwarna Share
1. Pemerintah Republik Indonesia	1	-	0,00	1. The Government of the Republic of Indonesia
Saham Seri B				Series B Shares
1. Pemerintah Republik Indonesia	13.809.038.755	195.968.391	56,97	1. The Government of the Republic of Indonesia
2. Masyarakat umum dan karyawan (masing-masing dibawah 5%)	10.428.591.645	147.995.408	43,03	2. Public and employees (each below 5%)
3. Manajemen				3. Management
- Pudja Sunasa (Komisaris)	1.027.795	14.586	0,00	Pudja Sunasa (Commissioner) -
- Ir. Michael Baskoro P Nugroho, M.M. (Direktur)	1.000.000	14.191	0,00	Ir. Michael Baskoro - P Nugroho, M.M. (Director)
Ditempatkan dan disetor penuh	24.239.658.196	343.992.576	100,00	Issued and fully paid
Modal saham diperoleh kembali*)	1.850.000	26.255		Treasury stock*)
Saham beredar	24.241.508.196	344.018.831		Outstanding shares

*) Nilai harga perolehan pembelian kembali saham adalah sebesar US\$251.054.

*) The acquisition cost of the treasury stock amounted to US\$251,054.

Saham Seri A Dwiwarna merupakan saham yang memberikan kepada pemegangnya hak-hak untuk mencalonkan Direksi dan Komisaris, menghadiri dan menyetujui pengangkatan dan pemberhentian Komisaris dan Direksi, perubahan Anggaran Dasar termasuk perubahan modal, pembubaran dan likuidasi, penggabungan, peleburan dan pengambilalihan Perusahaan.

Series A Dwiwarna share represents share which provides the holder rights to propose Directors and Commissioners, attend and approve the appointment and dismissal of Commissioners and Directors, change in Articles of Association including changes in capital, closure and liquidation, merger and acquisition of the Company.

Pada tanggal 31 Desember 2013, Perusahaan telah mencatatkan seluruh sahamnya yang beredar pada Bursa Efek Indonesia sebanyak 24.241.508.196 lembar saham.

As of December 31, 2013, the Company has listed all its outstanding shares on the Indonesia Stock Exchange totaling to 24,241,508,196 shares.

24. PENCADANGAN SALDO LABA DAN PEMBAGIAN LABA

24. APPROPRIATIONS OF RETAINED EARNINGS AND DISTRIBUTIONS OF INCOME

Berdasarkan Risalah Rapat Umum Pemegang Saham Tahunan yang diadakan pada tanggal 17 April 2013 yang diaktakan dengan Akta Notaris No. 56 dari Notaris Fathiah Helmi S.H., tanggal 17 April 2013, para pemegang saham menyetujui keputusan-keputusan, sebagai berikut:

Based on the Minutes of the Company's Annual General Shareholders' Meeting held on April 17, 2013 which were notarized with Notarial Deed No. 56 of Notary Fathiah Helmi, S.H., dated April 17, 2013, 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 2012 berjumlah sebesar US\$890.885.456 diperuntukkan sebagai berikut:
 - a. Pembagian dividen tunai sebesar Rp4.915.075.492.403 atau Rp202,77 per saham kepada pemegang saham;
 - b. Sisanya akan dicatat sebagai saldo laba untuk mendukung kegiatan operasional dan pengembangan Perusahaan.

1. Approved the use of profit for the year that is attributable to Owner of the Parent Entity for the financial year of 2012 in the amount of US\$890,885,456 to be utilized as follows:
 - a. Distribution of cash dividends of Rp4,915,075,492,403 or Rp202.77 per share to shareholders;
 - b. The remaining amount will be appropriated as retained earnings to support the operational activities and the Company's expansion.

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**24. PENCADANGAN SALDO LABA DAN
PEMBAGIAN LABA (lanjutan)**

2. Menetapkan untuk tidak mengalokasikan laba tahun berjalan yang dapat diatribusikan kepada pemilik Entitas Induk untuk tahun buku 2012 untuk sumber dana Program Kemitraan dan Bina Lingkungan. Perusahaan akan membiayai kegiatan Tanggung Jawab Sosial dan Lingkungan tahun buku 2013 sesuai dengan kebutuhan dan kemampuan Perusahaan.
3. 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 22 Mei 2012 yang diaktakan dengan Akta Notaris No. 106 dari Notaris Aryanti Artisari S.H., M.Kn., tanggal 22 Mei 2012, para pemegang saham menyetujui keputusan-keputusan, sebagai berikut:

1. Pembagian dividen tunai sebesar Rp3.263.184.778.516 atau 55% dari laba bersih tahun buku 2011. Atas dividen final tersebut telah dibagikan dalam bentuk dividen interim sebesar Rp263.485.084.590 pada tanggal 8 November 2011. Dengan demikian sisa sebesar Rp2.999.699.693.926 atau Rp123,75 per saham akan dibagikan secara tunai.
2. Sebesar Rp118.661.264.673 atau 2% dari laba bersih tahun buku 2011 dialokasikan untuk Program Kemitraan.
3. Sebesar Rp118.661.264.673 atau 2% dari laba bersih tahun buku 2011 dialokasikan untuk Program Bina Lingkungan.
4. Sisanya akan dicatat sebagai saldo laba untuk mendukung kegiatan operasional dan pengembangan Perusahaan.
5. Kepada Direksi diberikan wewenang untuk mengatur lebih lanjut tata cara pembagian dividen tersebut dan mengumumkannya dengan memperhatikan peraturan dan perundangan yang berlaku.

**24. APPROPRIATIONS OF RETAINED EARNINGS
AND DISTRIBUTIONS OF INCOME (continued)**

2. Determined not to allocate the profit for the year that is attributable to owner of the Parent Entity for the financial year of 2012 to fund the Partnership and Community Development Program. The Company will expense the activity of Social and Environment Responsibility (CSR) for the financial year of 2013 according to the needs and ability of the Company.
3. To give authority to the Board of Directors to further prepare for the cash dividends distribution procedures and published it taking into consideration the prevailing laws and regulations.

Based on the Minutes of the Company's Annual General Shareholders' Meeting held on May 22, 2012 which were notarized with Notarial Deed No. 106 of Notary Aryanti Artisari S.H., M.Kn., dated May 22, 2012, the shareholders ratified the following decisions, as follows:

1. Distribution of cash dividends of Rp3,263,184,778,516 or 55% of net income in 2011. Such final dividends have been partially distributed in the form of interim dividends for the amount of Rp263,485,084,590 on November 8, 2011. Therefore, the remaining cash dividends amounting to Rp2,999,699,693,926 or Rp123.75 per share will be distributed as cash dividends.
2. Amount of Rp118,661,264,673 or 2% of 2011 net income to be allocated for Partnership Program.
3. Amount of Rp118,661,264,673 or 2% of 2011 net income to be allocated for Community Development Program.
4. The remaining amount will be appropriated as retained earnings to support the operational activities and the Company's expansion.
5. To give authority to the Board of Directors to further prepare for the cash dividends distribution procedures and published it taking into consideration the prevailing laws and regulations.

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24. PENCADANGAN SALDO LABA DAN PEMBAGIAN LABA (lanjutan)

Berdasarkan Risalah Rapat Umum Pemegang Saham Tahunan yang diadakan pada tanggal 27 Juni 2011, para pemegang saham menyetujui keputusan-keputusan, sebagai berikut:

1. Pembagian dividen tunai sebesar Rp3.743.616.762.287 atau 60% dari laba bersih tahun buku 2010. Atas dividen final tersebut telah dibagikan dalam bentuk dividen sebesar Rp247.244.488.099 pada tanggal 3 Desember 2010. Dengan demikian sisa sebesar Rp3.496.372.274.188 atau Rp144,24 per saham akan dibagikan secara tunai.
2. Sebesar Rp124.787.225.410 atau 2% dari laba bersih tahun buku 2010 dialokasikan untuk Program Kemitraan.
3. Sebesar Rp124.787.225.410 atau 2% dari laba bersih tahun buku 2010 dialokasikan untuk Program Bina Lingkungan.
4. Sisanya akan dicatat sebagai saldo laba untuk mendukung kegiatan operasional dan pengembangan Perusahaan.
5. Memberikan kewenangan kepada direksi Perusahaan untuk mengatur dan mengumumkan pembagian dividen sesuai dengan peraturan perundangan yang berlaku.

25. PENDAPATAN NETO

Akun ini terdiri dari:

	2013	2012	2011
Distribusi gas - setelah penyesuaian pendapatan	2.769.733.302	2.369.946.263	2.045.902.062
Transmisi gas	180.240.606	199.999.400	174.910.752
Penjualan minyak dan gas - neto	34.844.573	-	-
Sewa fiber optik	10.341.994	9.803.747	9.376.102
Lain-lain	6.356.155	484.730	208.160
Total, Neto	3.001.516.630	2.580.234.140	2.230.397.076

24. APPROPRIATIONS OF RETAINED EARNINGS AND DISTRIBUTIONS OF INCOME (continued)

Based on the Minutes of the Company's Annual General Shareholders' Meeting held on June 27, 2011, the shareholders ratified the following decisions, as follows:

1. Distribution of cash dividends of Rp3,743,616,762,287 or 60% of net income in 2010. Such final dividends have been partially distributed in form of dividends for the amount of Rp247,244,488,099 on December 3, 2010. Therefore, the remaining cash dividends amounting to Rp3,496,372,274,188 or Rp144.24 per share will be distributed as cash dividends
2. Amount of Rp124,787,225,410 or 2% of 2010 net income to be allocated for Partnership Program.
3. Amount of Rp124,787,225,410 or 2% of 2010 net income to be allocated for Community Development Program.
4. The remaining amount will be appropriated as retained earnings to support the Company's operational activities and expansion.
5. To authorize the Company's directors to prepare and publish the cash dividends distribution procedures in compliance with the prevailing laws.

25. NET REVENUES

This account consists of:

Gas distribution - net of sales adjustments
Gas transmission
Oil and gas sales - net
Fiber optic rental
Others
Total, Net

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25. PENDAPATAN NETO (lanjutan)

Penyesuaian pendapatan merupakan koreksi faktur pelanggan melalui rekonsiliasi atas penggunaan gas antara Kelompok Usaha dan pelanggan.

Penjualan minyak dan gas merupakan pendapatan atas penjualan minyak dan gas Kelompok Usaha dari aktivitas eksplorasi dan produksi yang berkaitan dengan kontrak kerjasama dimana Kelompok Usaha bukan merupakan operator.

Sewa fiber optik merupakan pendapatan PGASKOM atas penyediaan jaringan kepada para pelanggan.

Pendapatan lain-lain merupakan pendapatan PGASSOL atas penyediaan jasa konstruksi dan pemeliharaan jaringan pipa kepada pelanggannya.

Pendapatan distribusi gas terdiri dari distribusi gas kepada:

	2013	2012	2011	
Industri	2.687.567.392	2.310.217.752	2.000.128.859	Industrial
Komersial	75.103.555	50.496.129	38.499.221	Commercial
Rumah tangga	5.419.102	5.491.279	6.016.512	Households
Stasiun Pengisian Bahan Bakar Gas (SPBG)	1.643.253	3.741.103	1.257.470	Fuel Gas Filling Stations (SPBG)
Total	2.769.733.302	2.369.946.263	2.045.902.062	Total

Pendapatan neto dari pelanggan yang melebihi 10% dari total pendapatan neto konsolidasian adalah pendapatan dari PT PLN (Persero), entitas berelasi dengan Pemerintah, masing-masing sebesar US\$575.213.360 atau 19,16%, US\$400.063.990 atau 15,50% dan US\$400.063.990 atau 14,97% dari total pendapatan neto konsolidasian untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011.

Kelompok Usaha melakukan transaksi penjualan dengan entitas berelasi dengan Pemerintah, dengan total masing-masing sebesar 26,52%, 23,75% dan 23,49% dari total pendapatan neto konsolidasian di atas untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011.

25. NET REVENUES (continued)

The revenue adjustments pertain to corrections made to customers' invoices upon reconciliation of the gas consumption between the Group and the customers.

Net oil and gas represents Group's sales of oil and gas from exploration and production activities related to certain non-group operated joint venture.

Fiber optic rental represents PGASKOM's revenues of network services to the customers.

Other revenues represents PGASSOL's revenues of pipeline construction and maintenance services to the customers.

Gas revenues consist of gas distribution to:

Net revenues from customer in excess of 10% of the total consolidated net revenues are revenue from PT PLN (Persero), Government-related entity, which amounted to US\$575,213,360 or 19.16%, US\$400,063,990 or 15.50% and US\$400,063,990 or 14.97% of the total consolidated net revenues for the years ended December 31, 2013, 2012 and 2011.

The Group enters into sales transactions with the Government-related entities, totaling 26.52%, 23.75% and 23.49% of its consolidated net revenues above for the years ended December 31, 2013, 2012 and 2011, respectively.

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26. BEBAN POKOK PENDAPATAN

Akun ini terdiri dari:

	2013	2012	2011	
Distribusi Gas				Gas Distribution
Pihak ketiga	1.151.868.993	776.057.899	602.467.531	Third parties
Entitas berelasi dengan Pemerintah (Catatan 35)	413.252.605	331.784.937	286.000.312	Government-related entities (Note 35)
Sub-total	1.565.121.598	1.107.842.836	888.467.843	Sub-total
Beban pengoperasian minyak dan gas bumi:				Oil and gas operating expenses:
Beban produksi dan <i>lifting</i>	11.033.173	-	-	Production and lifting cost
Beban penyusutan, deplesi dan amortisasi	7.367.374	-	-	Depreciation, depletion and amortization
Sub-total	18.400.547	-	-	Sub-total
Total	1.583.522.145	1.107.842.836	888.467.843	Total

Pembelian neto dari pemasok yang melebihi 10% dari total pendapatan neto konsolidasian adalah sebagai berikut:

Net purchases from suppliers involving purchases in excess of 10% of the total consolidated net revenues are as follows:

	2013	2012	2011	
PT Pertamina (Persero)	413.252.605	331.784.937	286.000.312	PT Pertamina (Persero)
ConocoPhillips	722.017.816	392.151.565	287.929.710	ConocoPhillips
Total	1.135.270.421	723.936.502	573.930.022	Total
Persentase terhadap total pendapatan neto konsolidasian				Percentage to total consolidated net revenues
PT Pertamina (Persero)	13,77%	12,86%	12,82%	PT Pertamina (Persero)
ConocoPhillips	24,06%	15,20%	12,91%	ConocoPhillips

Kelompok Usaha melakukan transaksi pembelian gas dengan entitas berelasi dengan Pemerintah, dengan total masing-masing sebesar US\$413.252.605 atau 26,10%, US\$331.784.937 atau 29,95% dan US\$286.000.312 atau 32,19% dari total beban pokok pendapatan konsolidasian di atas untuk tahun 2013, 2012 dan 2011.

The Group enters into purchase transactions with the Government-related entities, totaling US\$413,252,605 or 26.10%, US\$331,784,937 or 29.95% and US\$286,000,312 or 32.19% of its consolidated cost of revenues above for 2013, 2012 and 2011, respectively.

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27. BEBAN DISTRIBUSI DAN TRANSMISI

27. DISTRIBUTION AND TRANSMISSION EXPENSES

Akun ini terdiri dari:

This account consists of:

	2013	2012	2011	
Penyusutan (Catatan 14)	169.401.257	174.819.070	181.125.055	Depreciation (Note 14)
Gaji dan kesejahteraan karyawan	38.391.494	41.392.899	45.314.282	Salaries and employees' benefits
Honorarium profesional	23.021.310	5.946.072	8.273.409	Professional fees
Perbaikan dan pemeliharaan luran BPH Migas	20.502.621	16.523.793	13.378.339	Repairs and maintenance BPH Migas levy
Bahan bakar dan bahan kimia	12.964.088	11.309.710	9.298.003	Fuel and chemicals
Peralatan dan suku cadang	6.865.643	5.441.520	4.564.279	Tools and spare parts
Asuransi	4.765.739	2.452.463	3.344.020	Insurance
Perjalanan dinas dan transportasi	3.443.735	2.936.311	3.136.858	Traveling and transportation
Sewa	2.851.809	2.761.331	3.349.977	Rental
Representasi dan jamuan	2.580.863	1.148.946	2.337.841	Representation and entertainment
Peralatan kantor	1.739.484	738.196	699.808	Office supplies
Listrik dan air	1.130.293	747.943	875.027	Electricity and water
Komunikasi	575.417	308.022	295.009	Communications
Amortisasi	416.215	300.937	276.119	Amortization
Pendidikan dan pelatihan	405.939	340.398	773.692	Education and training
Material umum	366.832	547.333	305.864	General materials
Perayaan	363.254	272.800	241.280	Celebration
Pajak dan perizinan	357.592	225.981	467.709	Taxes and licenses
Lain-lain	141.622	48.552	101.712	Others
	2.273.768	1.632.492	2.068.643	
Total	292.558.975	269.894.769	280.226.926	Total

28. BEBAN UMUM DAN ADMINISTRASI

28. GENERAL AND ADMINISTRATIVE EXPENSES

Akun ini terdiri dari:

This account consists of:

	2013	2012	2011	
Gaji dan kesejahteraan karyawan	83.715.450	83.087.327	82.926.763	Salaries and employees' benefits
Honorarium profesional	30.996.875	42.105.810	24.806.610	Professional fees
Penyusutan (Catatan 14)	16.235.064	14.585.685	11.702.751	Depreciation (Note 14)
Sewa	15.968.675	16.428.589	13.984.857	Rental
Promosi	12.348.490	4.842.334	4.558.303	Promotion
Tanggung jawab sosial dan bina lingkungan (Catatan 36)	8.023.230	736.970	852.641	Corporate Social Responsibility (CSR) and Community Development (Note 36)
Perjalanan dinas dan transportasi	7.126.137	6.321.129	6.211.959	Traveling and transportation
Perbaikan dan pemeliharaan	6.812.800	5.858.535	4.862.411	Repairs and maintenance
Pendidikan dan pelatihan	5.488.539	4.760.486	4.308.623	Education and training
Representasi dan jamuan	4.597.591	3.724.313	3.615.372	Representation and entertainment
Peralatan dan suku cadang	3.782.452	678.087	863.479	Tools and spare parts
Pajak dan perizinan	3.477.143	3.166.702	3.286.579	Taxes and licenses
Biaya bank	2.310.654	1.838.152	956.963	Bank charges
Komunikasi	2.168.376	2.392.427	1.844.244	Communications
Asuransi	2.103.238	2.045.332	2.204.729	Insurance
Peralatan kantor	2.101.205	2.576.929	1.769.306	Office supplies
Bahan bakar dan bahan kimia	1.624.232	1.742.881	1.173.912	Fuels and chemicals
Listrik dan air	1.473.190	1.538.993	1.623.254	Electricity and water
Perayaan	1.461.656	1.298.297	1.272.572	Celebration
Amortisasi	1.014.016	859.508	1.249.101	Amortization
Penyisihan kerugian penurunan nilai (Catatan 7 dan 8)	783.775	1.906.639	2.889.522	Provision for impairment losses (Notes 7 and 8)
Material umum	414.491	634.710	502.734	General materials
Pakaian dinas	211.122	274.505	195.825	Employees' uniform
Lain-lain	2.378.952	985.594	594.981	Others
Total	216.617.353	204.389.934	178.257.491	Total

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29. BEBAN KEUANGAN

Akun ini terdiri dari:

	2013	2012	2011
Penerusan pinjaman dari Pemerintah Republik Indonesia yang didanai oleh:			
- Japan Bank for International Cooperation	7.247.187	7.802.255	8.985.286
- International Bank for Reconstruction and Development	3.105.653	3.158.398	2.910.221
- European Investment Bank	2.207.075	2.741.723	3.192.759
- Asian Development Bank	275.041	340.605	2.012.398
Pembalikan dari efek diskonto atas provisi pembongkaran aset dan restorasi area	3.657.748	-	-
The Hongkong and Shanghai Banking Corporation Ltd.	3.431.861	5.219.765	6.421.029
PT Bank Negara Indonesia (Persero) Tbk	1.722.399	2.313.926	2.532.772
PT Bank Sumitomo Mitsui Indonesia	216.621	-	-
Standard Chartered Bank, Singapura	-	-	1.655.101
Total	21.863.585	21.576.672	27.709.566

29. FINANCE COST

This account consists of:

	2013	2012	2011
Two-step loans from the Government of the Republic of Indonesia funded by:			
Japan Bank for International Cooperation			
International Bank for Reconstruction and Development			
European Investment Bank			
Asian Development Bank			
The unwinding of the effect of discounting the provision of assets abandonment and area restoration			
The Hongkong and Shanghai Banking Corporation Ltd.			
PT Bank Negara Indonesia (Persero) Tbk			
PT Bank Sumitomo Mitsui Indonesia			
Standard Chartered Bank, Singapore			
Total			

30. PENDAPATAN KEUANGAN

Akun ini terdiri dari:

	2013	2012	2011
Bunga deposito	19.774.363	21.820.212	33.197.806
Bunga investasi obligasi	5.027.413	4.327.244	381.124
Bunga jasa giro	2.108.463	1.628.733	1.528.186
Bunga pinjaman dari pemegang saham	-	47.947	-
Total	26.910.239	27.824.136	35.107.116

30. FINANCE INCOME

This account consists of:

	2013	2012	2011
Interest of time deposits			
Interest from investments in bond			
Interest of current accounts			
Interest from shareholder loan			
Total			

31. INSTRUMEN KEUANGAN DERIVATIF

Akun ini terdiri dari:

	Nilai Wajar dalam Rupiah/Fair Value in Rupiah			
	Jumlah Nosional/ Notional Amount	2013 Utang/ Payables	2012 Utang/ Payables	2011 Utang/ Payables
The Royal Bank of Scotland N.V., cross currency swap	JPY19.420.211.744	11.927.017	87.115.630	178.315.793

31. DERIVATIVE FINANCIAL INSTRUMENT

This account consists of:

	2013	2012	2011
The Royal Bank of Scotland N.V., cross currency swap			

Pada tanggal 16 Februari 2007, Perusahaan mengadakan kontrak *cross currency swap* dengan ABN AMRO Bank N.V. (ABN), sekarang menjadi The Royal Bank of Scotland N.V. (RBS), Cabang London, dimana Perusahaan menyetujui untuk menerima bunga Yen Jepang (JPY) dikalikan 35% dan menyetujui untuk membayar bunga pada tingkat 0% untuk tahun tanggal 15 Oktober 2006 sampai 15 Oktober 2008 dan untuk tahun selanjutnya sampai berakhir kontrak tersebut yaitu pada 15 Maret 2019, membayar bunga sebesar selisih tingkat tertentu (*strike*) sebagaimana diatur dalam perjanjian dengan rata-rata nilai tukar Dolar AS dengan Yen Jepang (US\$/JPY) dibagi seratus atau 0%, mana yang lebih tinggi.

On February 16, 2007, the Company entered into a *cross currency swap* contract with ABN AMRO Bank N.V. (ABN), currently The Royal Bank of Scotland N.V. (RBS), London Branch, whereby the Company agreed to receive Japanese Yen (JPY) interest multiplied by 35% and agreed to pay interest at 0% for the year from October 15, 2006 to October 15, 2008, and for the year thereafter through to the maturity date, March 15, 2019, to pay interest at the difference between a certain rate (*strike*) as stipulated in the agreement with the US Dollar average exchange rate with the Japanese Yen (US\$/JPY) divided by one hundred or 0%, whichever is higher.

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31. INSTRUMEN KEUANGAN DERIVATIF (lanjutan)

Pada tanggal 19 Agustus 2008, Perusahaan mengadakan perubahan atas kontrak *cross currency swap* dengan RBS, dimana Perusahaan menyetujui untuk menerima bunga sebesar bunga Yen Jepang (JPY) dikalikan 42% dan menyetujui untuk membayar bunga pada tingkat 0% untuk tahun tanggal 15 Oktober 2006 sampai 15 Oktober 2008 dan untuk tahun selanjutnya sampai berakhir kontrak tersebut yaitu pada 15 Maret 2019, membayar bunga sebesar selisih tingkat tertentu (*strike*) sebagaimana diatur dalam perjanjian dengan rata-rata nilai tukar Dolar AS dengan Yen Jepang (US\$/JPY) dibagi seratus atau pada tingkat 0%, mana yang lebih tinggi, dan tambahan bunga 5% dikalikan jumlah hari apabila tingkat CMS 10 tahun sama atau diluar kisaran tingkat tertentu dibagi dengan jumlah hari pada tahun tersebut.

Sebagai tambahan, Perusahaan juga menyetujui untuk menerima Yen Jepang dalam jumlah sebagaimana diatur dalam perjanjian selama nilai tukar US\$/JPY berada pada atau di bawah 121,50 pada setiap akhir tahun yang disepakati dan menyetujui untuk membayar sejumlah Dolar AS dengan nilai tukar US\$/JPY sebesar 121,50. Apabila nilai tukar US\$/JPY berada di atas 121,50, tidak ada transaksi *cross currency swap* yang akan dilakukan.

Kontrak ini berlaku efektif sejak tanggal 15 Oktober 2006 dan akan berakhir pada tanggal 15 Maret 2019. Perusahaan melakukan lindung nilai atas perubahan nilai wajar kewajiban dari risiko fluktuasi nilai tukar US\$/JPY, sehubungan dengan pinjaman jangka panjang yang diperoleh dari JBIC.

Perusahaan menggunakan teknik penilaian penentuan harga opsi dan disesuaikan dengan risiko kredit sebesar US\$1.233.359, US\$4.518.734 dan US\$35.805.327 masing-masing pada tanggal 31 Desember 2013, 2012 dan 2011.

Perubahan neto nilai wajar atas instrumen-instrumen derivatif di atas disajikan pada akun "Laba (Rugi) Perubahan Nilai Wajar Derivatif - Neto" pada laporan laba rugi komprehensif konsolidasian.

**31. DERIVATIVE FINANCIAL INSTRUMENT
(continued)**

On August 19, 2008, the Company entered into an amendment of the cross currency swap contract with RBS London Branch, whereby the Company agreed to receive Japanese Yen (JPY) interest multiplied by 42% and to pay interest at the rate of 0% for the year from October 15, 2006 to October 15, 2008, and for the year thereafter to the maturity date, March 15, 2019, to pay interest set at a rate equal to the difference between the strike rate as stipulated in the agreement and the US Dollar average exchange rate with the Japanese Yen (US\$/JPY) divided by one hundred or at 0%, whichever is higher plus additional interest of 5% multiplied by number of days if the CMS 10 years rate is at or outside a certain range divided by the total number of days for such year.

In addition, the Company also agreed to receive Japanese Yen in the amount stipulated in the agreement, as long as the US\$/JPY exchange rate is at or below 121.50 at the end of the agreed year and to pay US Dollar amount with exchange rate of US\$/JPY of 121.50. If US\$/JPY is at or above 121.50, there will be no exchange of cross currency swap.

This contract became effective starting October 15, 2006 and will expire on March 15, 2019. The Company hedges the changes in the fair value of its liabilities due to risk of the foreign exchange rate fluctuation of US\$/JPY, in relation to the long-term loan obtained from JBIC.

The Company used option pricing valuation technique adjusted with credit risk of US\$1,233,359, US\$4,518,734 and US\$35,805,327 as of December 31, 2013, 2012 and 2011, respectively.

The net changes in the fair values of the above derivative instruments were presented in account "Gain (Loss) on Change in Fair Value of Derivative - Net" in the consolidated statements of comprehensive income.

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32. LABA KURS - NETO

Laba selisih kurs terutama berasal dari penyesuaian aset dan liabilitas dalam mata uang asing dan perbedaan nilai tukar transaksi dari kegiatan usaha Kelompok Usaha dalam mata uang asing.

Selama tahun 2013 dan 2012, Kelompok Usaha mengalami laba selisih kurs - neto yang disebabkan oleh menguatnya nilai tukar Dolar AS terhadap mata uang asing, khususnya Yen Jepang yang mengakibatkan penurunan posisi liabilitas neto dalam mata uang asing Kelompok Usaha, sedangkan selama tahun 2011, Kelompok Usaha mengalami rugi selisih kurs - neto yang disebabkan oleh melemahnya nilai tukar Dolar AS terhadap mata uang asing, khususnya Yen Jepang yang mengakibatkan kenaikan posisi liabilitas neto dalam mata uang asing Kelompok Usaha.

33. IMBALAN KERJA

Kelompok Usaha menyediakan imbalan kerja jangka pendek, pensiun dan kesejahteraan karyawan lainnya untuk seluruh karyawan tetap yang masih aktif dan yang sudah pensiun sebagai berikut:

a. Liabilitas Imbalan Kerja Jangka Pendek

Liabilitas imbalan kerja jangka pendek pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 merupakan akrual bonus dan gaji untuk karyawan masing-masing sebesar Rp397.081.414.161 (setara dengan US\$32.577.029), Rp328.279.686.300 (setara dengan US\$33.948.261) dan Rp284.624.220.973 (setara dengan US\$31.387.762) untuk Perusahaan dan masing-masing sebesar Rp37.115.590.323 (setara dengan US\$3.045.007), Rp32.439.905.879 (setara dengan US\$3.354.696) dan Rp24.037.955.619 (setara dengan US\$2.650.855) untuk Entitas Anak.

b. PT Asuransi Jiwasraya (Persero)

Sejak tahun 1991, Perusahaan mempunyai program asuransi kesejahteraan hari tua kepada seluruh karyawan tetap yang memenuhi persyaratan, yang ditetapkan dalam suatu perjanjian bersama dengan PT Asuransi Jiwasraya (Persero). Perusahaan telah membayar seluruh kewajibannya pada tahun 2008.

32. GAIN ON FOREIGN EXCHANGE – NET

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 2013 and 2012, the Group incurred gain on foreign exchange - net due to strengthening of US Dollar against foreign currency, especially Japanese Yen which decreased the net foreign currency denominated liabilities of the Group, while during 2011, the Group incurred loss on foreign exchange - net due to weakening of US Dollar against foreign currency, especially Japanese Yen which increased the net foreign currency denominated liabilities of the Group.

33. EMPLOYEE BENEFITS

The Group provides short-term employee benefits, retirement and other employees' benefits to its active and retired employees, as follows:

a. Short-term employees' benefits liabilities

Short-term employees' benefits liabilities as of December 31, 2013, 2012 and 2011 represent bonus and salary accruals for employees amounting to Rp397,081,414,161 (equivalent to US\$32,577,029), Rp328,279,686,300 (equivalent to US\$33,948,261) and Rp284,624,220,973 (equivalent to US\$31,387,762), respectively for the Company and Rp37,115,590,323 (equivalent to US\$3,045,007), Rp32,439,905,879 (equivalent to US\$3,354,696) and Rp24,037,955,619 (equivalent to US\$2,650,855) respectively, for the Subsidiaries.

b. PT Asuransi Jiwasraya (Persero)

Since 1991, the Company has an old welfare program age insurance plan for all its qualified permanent employees, which is covered in a cooperative agreement with PT Asuransi Jiwasraya (Persero). The Company has paid all of its liabilities in 2008.

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33. IMBALAN KERJA (lanjutan)

c. Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara (YKPP Gas Negara)

Perusahaan menyediakan tambahan tunjangan kesehatan bagi para pensiun, yang ditetapkan oleh perjanjian bersama dengan YKPP Gas Negara. Pada tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 tidak terdapat pembayaran kepada YKPP Gas Negara.

luran kepada YKPP Gas Negara yang terakumulasi mencakup sebesar Rp11,2 milyar untuk dana sosial, pendidikan dan tunjangan pensiun lainnya bagi karyawan Perusahaan yang aktif dan pensiun, yang dicadangkan dari pendapatan Perusahaan untuk periode 1984 sampai dengan 1996, sebelum Perusahaan menjadi perusahaan perseroan. luran tersebut disahkan dengan Surat Dewan Komisaris pada tanggal 30 Juni 1999.

Pada tanggal 30 November 2012, Perusahaan juga menyediakan tambahan tunjangan kesehatan hari tua bagi seluruh karyawan tetap, para pensiunan dan mantan direksi yang ditetapkan oleh perjanjian bersama dengan YKPP Gas Negara. Sumber dana program pensiun berasal dari kontribusi karyawan/anggota direksi dan Perusahaan masing-masing sebesar 3% dan 5% dari penghasilan dasar. Pada tahun 2013 dan 2012, total pembayaran kepada YKPP Gas Negara sebesar US\$1.006.309 dan Rp24.000.000.000 (setara dengan US\$2.478.058) yang dicatat pada

Pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011, aset neto YKPP Gas Negara adalah masing-masing sebesar Rp16.512.041.977 (setara dengan US\$1.354.667), Rp16.512.041.977 (setara dengan US\$1.707.553) dan Rp18.977.924.682 (setara dengan US\$2.092.846).

33. EMPLOYEE BENEFITS (continued)

c. Yayasan Kesejahteraan Pegawai dan Pensiunan Umum Gas Negara (YKPP Gas Negara)

The Company provides additional post-retirement health care benefits for its retired employees, as covered in a cooperative agreement with YKPP Gas Negara. For the years ended December 31, 2013, 2012 and 2011, there were no contributions to YKPP Gas Negara.

The accumulated contributions to YKPP Gas Negara include Rp11.2 billion for social, education and additional retirement benefits for the Company's active and retired employees which were appropriated from the Company's earnings for the period 1984 up to 1996, prior to the Company becoming a state-owned limited liability company. This contribution was approved by the Board of Commissioners in its letter dated June 30, 1999.

On November 30, 2012, the Company also provides additional post-retirement health care benefits for its eligible permanent employees, retired employees and ex member of directors, as covered in a cooperative agreement with YKPP Gas Negara. The fund is contributed by both employees/member of directors and the Company with contribution of 3% and 5% from the basic income. In 2013 and 2012, the total contributions to YKPP Gas Negara amounted to US\$1,006,309 and Rp24,000,000,000 (equivalent to US\$2,478,058).

As of December 31, 2013, 2012 and 2011, the net assets of YKPP Gas Negara amounted to Rp16,512,041,977 (equivalent to US\$1,354,667), Rp16,512,041,977 (equivalent to US\$1,707,553) and Rp18,977,924,682 (equivalent to US\$2,092,846), respectively.

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33. IMBALAN KERJA (lanjutan)

d. Imbalan Pensiun Iuran Pasti

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. Beban pensiun yang dibebankan pada operasi masing-masing adalah sebesar US\$2.755.305, US\$2.896.505 dan US\$2.779.220 untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011.

Pada tahun 2009, Transgasindo menyelenggarakan program pensiun iuran pasti untuk semua karyawan tetap yang memenuhi syarat, yang didanai melalui iuran tetap bulanan kepada Dana Pensiun Lembaga Keuangan (DPLK) Bank Rakyat Indonesia dan Bank Negara Indonesia, yang didirikan berdasarkan persetujuan dari Menteri Keuangan Republik Indonesia masing-masing dalam Surat Keputusannya No. KEP.197/KM.6/2004 dan No. KEP.1100/KM.17/1998. Sumber dana program pensiun berasal dari kontribusi karyawan dan Transgasindo masing-masing sebesar 2% dan 6% dari gaji bulanan karyawan. Kontribusi yang dibayarkan Transgasindo pada tahun 2013, 2012 dan 2011 masing-masing sebesar US\$148.195, US\$253.756 dan US\$253.724.

33. EMPLOYEE BENEFITS (continued)

d. Defined Contribution Pension Plan

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, respectively.

The fund is contributed by both employees and the Company with contribution of 5% and 15%, respectively, of the basic pension income. Pension expense charged to operations amounted to US\$2,755,305, US\$2,896,505 and US\$2,779,220 for the years ended December 31, 2013, 2012 and 2011, respectively.

In 2009, Transgasindo has defined contribution pension plan for all of its eligible permanent employees, which is funded through monthly fixed contributions to Dana Pensiun Lembaga Keuangan (DPLK) Bank Rakyat Indonesia and Bank Negara Indonesia, the establishment of which were approved by Ministry of Finance of the Republic of Indonesia in its Decision Letter No. KEP.197/KM.6/2004 and No. KEP.1100/KM.17/1998, respectively. This fund is contributed by both employees and Transgasindo with contribution of 2% and 6% of the employees' monthly salaries, respectively. The contribution paid by the Transgasindo in 2013, 2012 and 2011 amounted to US\$148,195, US\$253,756 and US\$253,724, respectively.

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33. IMBALAN KERJA (lanjutan)

e. Imbalan Kerja Jangka Panjang

Liabilitas imbalan kerja jangka panjang pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 adalah sebagai berikut:

	2013	2012	2011	
<u>Imbalan pascakerja</u>				<u>Post retirement benefits</u>
Perusahaan	92.830.320	138.516.344	58.601.031	The Company
Entitas Anak	3.322.595	5.299.753	3.549.480	Subsidiaries
Sub-total	96.152.915	143.816.097	62.150.511	Sub-total
<u>Imbalan kerja jangka panjang lainnya</u>				<u>Other long-term benefits</u>
Perusahaan	3.597.099	5.293.068	5.952.741	The Company
Entitas Anak	374.137	386.640	481.870	Subsidiaries
Sub-total	3.971.236	5.679.708	6.434.611	Sub-total
Total	100.124.151	149.495.805	68.585.122	Total

Kelompok Usaha 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. Tabel berikut menyajikan komponen dari beban imbalan neto yang diakui dalam laporan laba rugi komprehensif konsolidasian dan jumlah yang diakui dalam laporan posisi keuangan konsolidasian untuk liabilitas diestimasi imbalan kerja yang dihitung oleh PT Sienco Aktuarindo Utama, aktuaris independen, untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 berdasarkan laporannya masing-masing tanggal 6 Januari 2014, 2 Januari 2013 dan 17 Januari 2012. Perhitungan aktuaris menggunakan metode "Projected Unit Credit" dengan asumsi-asumsi sebagai berikut:

33. EMPLOYEE BENEFITS (continued)

e. Long-term Employees' Benefits

Long-term employees' benefits liabilities as of December 31, 2013, 2012 and 2011 are as follows:

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 following tables summarize the components of net benefits expense recognized in the consolidated statements of comprehensive income and the amounts recognized in the consolidated statements of financial position for the estimated liabilities for employees' benefits as calculated by an independent actuary, PT Sienco Aktuarindo Utama for the years ended December 31, 2013, 2012 and 2011, in its reports dated January 6, 2014, January 2, 2013 and January 17, 2012. The actuarial calculation used the "Projected Unit Credit" method which utilized the following assumptions:

	2013	2012	2011	
Tingkat Bunga Aktuarial	9,00% - 9,10% per Tahun/ per Annum	6,00% - 6,20% per Tahun/ per Annum	6,80% - 7,00% per Tahun/ per Annum	Actuarial Discount Rate
Tingkat Kematian	TMI 2011	TMI 2011	TMI 2011	Mortality Rate
Kenaikan Gaji dan Upah	7,00% - 10,00% per Tahun/ per Annum	8,00% - 10,00% per Tahun/ per Annum	10,00% per Tahun/ per Annum	Wages and Salaries Increase
Umur Pensiun	56 Tahun/Years	56 Tahun/Years	56 Tahun/Years	Retirement Age
Tingkat Cacat	10% dari Tingkat Kematian/from Mortality Rate	5% dari Tingkat Kematian/from Mortality Rate	5% dari Tingkat Kematian/from Mortality Rate	Disability Rate

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33. IMBALAN KERJA (lanjutan)

e. Imbalan Kerja Jangka Panjang (lanjutan)

Tabel berikut ini menyajikan komponen beban dan liabilitas imbalan kerja karyawan konsolidasian.

a. Beban kesejahteraan karyawan

Imbalan pasca kerja

	2013	2012	2011	
Biaya jasa kini	7.587.741	11.149.791	9.749.121	Current service cost
Biaya bunga	8.586.016	9.051.791	9.837.465	Interest cost
Amortisasi biaya jasa lalu - <i>unvested</i>	1.085.466	827.747	2.711.661	Amortization of past service cost - <i>unvested</i>
Amortisasi biaya jasa lalu segera diakui	49.301	-	-	Amortization of past service cost
Amortisasi kerugian aktuarial	-	-	2.759.420	Amortization of actuarial loss
Total	17.308.524	21.029.329	25.057.667	Total

Imbalan kerja jangka panjang lainnya

	2013	2012	2011	
Biaya jasa kini	1.777.614	2.014.525	2.253.602	Current service cost
Biaya bunga	232.050	353.721	458.742	Interest cost
Biaya jasa lalu seluruhnya segera diakui	(5.125)	-	231.376	Past service cost which shall all be recognized immediately
Amortisasi kerugian aktuarial	-	-	(319.916)	Amortization of actuarial loss
Total	2.004.539	2.368.246	2.623.804	Total

b. Liabilitas kesejahteraan karyawan

Imbalan pasca kerja

	2013	2012	2011	
Nilai kini kewajiban imbalan pasti	105.269.107	156.110.291	139.504.207	Present value of employee benefits obligation
Biaya jasa lalu yang belum diakui - <i>unvested</i>	(9.116.192)	(12.294.194)	(13.966.850)	Unrecognized past service cost - <i>unvested</i>
Kerugian aktuarial yang belum diakui	-	-	(63.386.846)	Unrecognized actuarial losses
Total	96.152.915	143.816.097	62.150.511	Total

Imbalan kerja jangka panjang lainnya

	2013	2012	2011	
Nilai kini kewajiban imbalan pasti	3.971.236	5.679.708	6.434.611	Present value of employee benefits obligation

33. EMPLOYEE BENEFITS (continued)

e. Long-term Employees' Benefits (continued)

The following tables summarize the consolidated components of employees' benefits expense and liabilities.

a. Employees' benefits expense

Post retirement benefits

	2013	2012	2011	
Biaya jasa kini	7.587.741	11.149.791	9.749.121	Current service cost
Biaya bunga	8.586.016	9.051.791	9.837.465	Interest cost
Amortisasi biaya jasa lalu - <i>unvested</i>	1.085.466	827.747	2.711.661	Amortization of past service cost - <i>unvested</i>
Amortisasi biaya jasa lalu segera diakui	49.301	-	-	Amortization of past service cost
Amortisasi kerugian aktuarial	-	-	2.759.420	Amortization of actuarial loss
Total	17.308.524	21.029.329	25.057.667	Total

Other long-term benefits

	2013	2012	2011	
Biaya jasa kini	1.777.614	2.014.525	2.253.602	Current service cost
Biaya bunga	232.050	353.721	458.742	Interest cost
Biaya jasa lalu seluruhnya segera diakui	(5.125)	-	231.376	Past service cost which shall all be recognized immediately
Amortisasi kerugian aktuarial	-	-	(319.916)	Amortization of actuarial loss
Total	2.004.539	2.368.246	2.623.804	Total

b. Employees' benefits liability

Post retirement benefits

	2013	2012	2011	
Nilai kini kewajiban imbalan pasti	105.269.107	156.110.291	139.504.207	Present value of employee benefits obligation
Biaya jasa lalu yang belum diakui - <i>unvested</i>	(9.116.192)	(12.294.194)	(13.966.850)	Unrecognized past service cost - <i>unvested</i>
Kerugian aktuarial yang belum diakui	-	-	(63.386.846)	Unrecognized actuarial losses
Total	96.152.915	143.816.097	62.150.511	Total

Other long-term benefits

	2013	2012	2011	
Nilai kini kewajiban imbalan pasti	3.971.236	5.679.708	6.434.611	Present value of employee benefits obligation

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33. IMBALAN KERJA (lanjutan)

e. Imbalan Kerja Jangka Panjang (lanjutan)

c. Mutasi liabilitas diestimasi atas imbalan kerja karyawan

Perubahan dalam liabilitas kesejahteraan karyawan untuk pada tanggal 31 Desember 2013, 2012 dan 2011, sebagai berikut:

Imbalan pasca kerja

	2013	2012	2011
Saldo awal	143.816.097	62.150.511	41.754.525
Kerugian (keuntungan) aktuarial yang diakui pada pendapatan komprehensif lain	(29.982.192)	68.820.187	-
Beban kesejahteraan tahun berjalan	17.308.524	21.029.329	25.057.667
Beban pesangon pemutusan kontrak kerja	-	-	970.611
Efek kurtailmen	-	-	(709.704)
Pembayaran tahun berjalan	(3.270.470)	(3.806.673)	(3.878.130)
Laba selisih kurs	(31.719.044)	(4.377.257)	(1.044.458)
Saldo akhir	96.152.915	143.816.097	62.150.511

Imbalan kerja jangka panjang lainnya

	2013	2012	2011
Saldo awal	5.679.708	6.434.611	5.780.007
Kerugian (keuntungan) aktuarial pada pendapatan komprehensif lain	155.120	(655.819)	-
Beban kesejahteraan tahun berjalan	2.004.539	2.368.246	2.623.804
Pembayaran tahun berjalan	(2.808.684)	(2.057.557)	(1.896.877)
Laba selisih kurs	(1.059.447)	(409.773)	(72.323)
Saldo akhir	3.971.236	5.679.708	6.434.611

Analisa sensitivitas untuk risiko tingkat diskonto

Pada tanggal 31 Desember 2013, jika tingkat diskonto meningkat sebesar satu poin dengan semua variabel konstan, maka liabilitas kesejahteraan karyawan lebih rendah sebesar US\$8.755.932, sedangkan jika tingkat diskonto menurun satu poin, maka liabilitas lebih tinggi sebesar US\$10.130.544.

Jumlah untuk tahun berjalan dan empat periode sebelumnya adalah sebagai berikut:

	2013	2012	2011	2010	2009
Kewajiban imbalan pasti/ Defined benefit obligation	105.269.107	156.110.291	139.504.207	105.026.634	49.679.985
Perbedaan antara asumsi aktuarial dengan kenyataan/ The difference between the actuarial assumptions with the actual	53.612	(531.851)	15.786.352	(34.348.647)	5.064.945

33. EMPLOYEE BENEFITS (continued)

e. Long-term Employees' Benefits (continued)

c. The movements in the estimated liabilities for employees' benefits

The movements in the employee benefits liability as of December 31, 2013, 2012 and 2011, are as follows:

Post retirement benefits

Beginning balance	41.754.525
Actuarial loss (gain) recognized in other comprehensive income	-
Current benefits expense	25.057.667
Employment termination severances expenses	970.611
Curtailment effect	(709.704)
Payments during the year	(3.878.130)
Foreign exchange gain	(1.044.458)
Ending balance	62.150.511

Other long-term benefits

Beginning balance	5.780.007
Actuarial loss (gain) in other comprehensive income	-
Current benefits expense	2.623.804
Payments during the year	(1.896.877)
Foreign exchange gain	(72.323)
Ending balance	6.434.611

Sensitivity analysis for discount rate risk

As of December 31, 2013, if the discount rate is higher one point with all other variables held constant, the employee benefits liability would have been US\$8,755,932 lower, while, if the discount rate is lower one point, the liability would have been US\$10,130,544 higher.

Amounts for the current and previous four periods are as follows:

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33. IMBALAN KERJA (lanjutan)

Perusahaan

Pada tahun 2011, Perusahaan melakukan pemutusan kerja terhadap dua orang karyawannya sehubungan dengan pengangkatan mereka sebagai Direksi. Atas pemutusan hubungan kerja ini Perusahaan telah melakukan perhitungan besaran pembayaran purna bakti sebesar Rp3.958.918.631 yang pembayarannya dilakukan setelah yang bersangkutan mengakhiri jabatan sebagai Direksi Perusahaan. Selama tahun 2011, Perusahaan telah melakukan pembayaran liabilitas tersebut sebesar Rp5.953.378.795 (setara dengan US\$678.370).

Pada tahun 2011, Perusahaan juga memberikan imbalan pasca kerja kepada karyawan berupa Masa Persiapan Pensiun (MPP), dimana karyawan dapat memilih untuk tidak aktif bekerja selama tahun sebelum memasuki masa pensiun pada usia 56 tahun. Selama MPP, karyawan masih akan menerima imbalan berupa upah dasar.

Pada tahun 2012, Perusahaan melakukan pemutusan kerja terhadap dua orang karyawan sehubungan dengan pengangkatan mereka sebagai Direksi. Atas pemutusan hubungan kerja ini, Perusahaan telah melakukan perhitungan besaran pembayaran purna bakti sebesar Rp7.861.098.666 (setara dengan US\$838.517). Selama tahun 2012, Perusahaan telah melakukan pembayaran seluruh liabilitas tersebut.

Entitas Anak

Transgasindo

Transgasindo mencadangkan liabilitas diestimasi yang tidak didanai berdasarkan imbalan yang diatur dalam Perjanjian Kerja Bersama yang dibandingkan dengan imbalan berdasarkan Undang-Undang Ketenaga-kerjaan No. 13/2003 (UU No. 13/2003), mana yang lebih tinggi.

Liabilitas imbalan pasca kerja yang tidak didanai diatas adalah berdasarkan perhitungan aktuarial yang dilakukan oleh independen aktuaris, PT Sienco Aktuarindo Utama, berdasarkan laporannya tanggal 6 Januari 2014, 4 Januari 2013 dan 17 Januari 2012, yang dihitung dengan menggunakan metode "Projected Unit Credit".

33. EMPLOYEE BENEFITS (continued)

The Company

In 2011, the Company terminated the work agreement with its two employees in relation to their appointment as Directors. For this termination, the Company calculated the post retirement benefits amounting to Rp3,958,918,631 which will be paid at the end of their tenure year as the Company's Directors. During 2011, the Company has paid such liabilities amounting to Rp5,953,378,795 (equivalent to US\$678,370).

In 2011, the Company also provides post-employment benefits in the form of Pension Preparation Year (PPP), which the employees can choose to be inactive during year before reaching pension age of 56 years. During the PPP, the employees still received benefits in the form of basic salary.

In 2012, the Company terminated the work agreement with its two employees in relation to their appointment as Directors. For this termination, the Company calculated the post retirement benefits amounting to Rp7,861,098,666 (equivalent to US\$838,517). During 2012, the Company has paid all the liabilities.

The Subsidiaries

Transgasindo

Transgasindo provides an unfunded estimated liability based on benefits under the Collective Labor Agreement as compared with benefits under Labor Law No. 13/2003 (Law No. 13/2003), and provide whichever is higher.

The above unfunded employees' benefits liability is based on actuarial computation performed by independent actuary, PT Sienco Aktuarindo Utama, in its reports dated January 6, 2014, January 4, 2013 and January 17, 2012, using the "Projected Unit Credit" method.

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33. IMBALAN KERJA (lanjutan)

Entitas Anak (lanjutan)

Transgasindo (lanjutan)

Pada tahun 2011, Transgasindo juga memberikan imbalan pasca kerja berupa MPP, dimana karyawan tidak lagi aktif bekerja selama 12 bulan sebelum memasuki masa pensiun pada usia 56 tahun. Selama masa MPP, karyawan masih akan menerima imbalan yang diberikan kepada karyawan aktif, termasuk, tetapi tidak terbatas pada gaji rutin dan tunjangan lainnya.

PLI tidak membentuk cadangan imbalan pasca kerja pada tanggal 31 Desember 2013, 2012 dan 2011, karena jumlahnya tidak material.

Seluruh beban imbalan kerja karyawan jangka panjang Kelompok Usaha disajikan sebagai akun "Beban Operasi - Gaji dan Kesejahteraan Karyawan" pada laporan laba rugi komprehensif konsolidasian.

Manajemen Kelompok Usaha berpendapat bahwa program jaminan hari tua cukup untuk menutupi semua imbalan yang diatur dalam UU No. 13/2003.

33. EMPLOYEE BENEFITS (continued)

The Subsidiaries (continued)

Transgasindo (continued)

During 2011, Transgasindo also provides post-employment benefit in the form PPP, where the employees no longer working actively during 12 months before reaching pension age of 56. During PPP, the employees still receive benefits of an active employees, including, but not limited to, regular salary and other allowances.

PLI did not provide for employee benefit liability as of December 31, 2013, 2012 and 2011, 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 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.

34. KEPENTINGAN NONPENGENDALI

34. NON-CONTROLLING INTERESTS

2013

	<u>Saldo/Balance 1 Jan. 2013/ Jan. 1, 2013</u>	<u>Bagian atas laba (rugi) neto/ Share in net profit (loss)</u>	<u>Perubahan ekuitas lainnya/ Other equity movement</u>	<u>Saldo/Balance 31 Des. 2013/ Dec. 31, 2013</u>	
Transgasindo	157.450.375	33.338.663	(8.984.805)	181.804.233	Transgasindo
PGASKOM	(5.205)	965	4.565	325	PGASKOM
PGASSOL	2.452	11.658	3.583	17.693	PGASSOL
Total	157.447.622	33.351.286	(8.976.657)	181.822.251	Total

2012

	<u>Saldo/Balance 1 Jan. 2012/ Jan. 1, 2012</u>	<u>Bagian atas laba (rugi) neto/ Share in net profit (loss)</u>	<u>Perubahan ekuitas lainnya/ Other equity movement</u>	<u>Saldo/Balance 31 Des. 2012/ Dec. 31, 2012</u>	
Transgasindo	147.331.796	24.369.070	(14.250.491)	157.450.375	Transgasindo
PGASKOM	(6.170)	570	395	(5.205)	PGASKOM
PGASSOL	752	1.154	546	2.452	PGASSOL
Total	147.326.378	24.370.794	(14.249.550)	157.447.622	Total

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34. KEPENTINGAN NONPENGENDALI (lanjutan)

34. NON-CONTROLLING INTERESTS (continued)

	2011				
	Saldo/Balance 1 Jan. 2011/ Jan. 1, 2011	Bagian atas laba (rugi) neto/ Share in net profit (loss)	Perubahan ekuitas lainnya/ Other equity movement	Saldo/Balance 31 Des. 2011/ Dec. 31, 2011	
Transgasindo	135.753.876	21.094.505	(9.516.585)	147.331.796	Transgasindo
PGASKOM	(6.688)	455	63	(6.170)	PGASKOM
PGASSOL	(130)	826	56	752	PGASSOL
Total	135.747.058	21.095.786	(9.516.466)	147.326.378	Total

**35. SALDO DAN TRANSAKSI SIGNIFIKAN
DENGAN PIHAK-PIHAK BERELASI**

**35. SIGNIFICANT BALANCES AND TRANSACTIONS
WITH RELATED PARTIES**

Dalam kegiatan usaha normal, Kelompok Usaha melakukan transaksi usaha dan keuangan dengan pihak-pihak berelasi. Entitas yang bersangkutan diakui sebagai pihak berelasi dari Kelompok Usaha berkaitan dengan persamaan kepemilikan dan manajemen.

In the normal course of business, the Group entered into trade and financial transactions with related parties. The concerned entities are considered related parties of the Group in view of their common ownership and management.

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 berelasi/ <i>Related parties</i>	Sifat hubungan/ <i>Nature of relationship</i>	Jenis transaksi/ <i>Nature of transactions</i>
PT Bank Mandiri (Persero) Tbk	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</i>	Penempatan giro, deposito berjangka yang tidak dibatasi penggunaannya, kas yang dibatasi penggunaannya, fasilitas <i>Non Cash Loan</i> , fasilitas <i>Bill Purchasing Line</i> , fasilitas Kredit Modal Kerja dan fasilitas <i>Treasury Line/ Placement of current accounts, placement of unrestricted time deposits, placement of restricted cash, Non Cash Loan facility, Bill Purchasing Line facility, Working Capital facility and Treasury Line facility</i>
PT Bank Negara Indonesia (Persero) Tbk	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</i>	Penempatan giro, deposito berjangka yang tidak dibatasi penggunaannya dan fasilitas kredit investasi/ <i>Placement of current accounts, placement of unrestricted time deposits and investment credit facility</i>

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**35. SIGNIFICANT BALANCES AND TRANSACTIONS
WITH RELATED PARTIES (continued)**

Pihak-pihak berelasi/ <i>Related parties</i>	Sifat hubungan/ <i>Nature of relationship</i>	Jenis transaksi/ <i>Nature of transactions</i>
PT Bank Rakyat Indonesia (Persero) Tbk	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</i>	Penempatan giro, deposito berjangka yang tidak dibatasi penggunaannya, fasilitas <i>Standby Letter of Credit</i> , fasilitas bank garansi dan fasilitas penanguhan jaminan impor/ <i>Placement of current accounts, placement of unrestricted time deposits, Standby Letter of Credit Facility, bank guarantee facility and guarantee of suspension of import facility</i>
PT Bank Tabungan Negara (Persero) Tbk	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</i>	Penempatan giro dan deposito berjangka yang tidak dibatasi penggunaannya/ <i>Placement of current accounts and unrestricted time deposits</i>
PT Bank Mandiri Syariah	Dikendalikan oleh PT Bank Mandiri (Persero) Tbk/ <i>Controlled by the PT Bank Mandiri (Persero) Tbk</i>	Deposito berjangka yang tidak dibatasi penggunaannya/ <i>Placement of unrestricted time deposits</i>
PT Pertamina Hulu Energi West Java Madura Offshore (WJMO), PT Pertamina EP, PT Pertamina Gas (Pertagas)	Dikendalikan oleh PT Pertamina (Persero)/ <i>Controlled by PT Pertamina (Persero)</i>	Uang muka pembelian gas bumi, pemasok gas, pelanggan, uang muka <i>ship or pay</i> pemasok gas/ <i>Advance of take or pay, gas supplier, customer, advance of ship or pay gas supplier</i>
PT Indonesia Power, PT PLN Batam PT PLN Salamander	Dikendalikan oleh PT Perusahaan Listrik Negara (Persero)/ <i>Controlled by PT Perusahaan Listrik Negara (Persero)</i>	Pelanggan, transmisi gas/ <i>Customer, gas transmission</i>
PT Perusahaan Listrik Negara (Persero) (PLN), PT Barata Indonesia (Persero) PT Iglas (Persero), PT Kertas Lece (Persero), PT Wijaya Karya Intrade, PT Wijaya Karya Beton, PT Krakatau Daya Listrik, PT Indofarma (Persero) Tbk	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</i>	Pelanggan/ <i>Customer</i>
Lembaga Pembiayaan Ekspor Indonesia (LPEI), PT Aneka Tambang (Persero) Tbk, Perum Pegadaian, PT Pertamina (Persero)	Dikendalikan oleh Pemerintah Pusat Republik Indonesia/ <i>Controlled by the Central Government of the Republic of Indonesia</i>	Debitur obligasi/ <i>Bond debtor</i>
Pemerintah Republik Indonesia	Pemegang saham mayoritas/ <i>Majority Shareholder</i>	Investasi jangka pendek/ <i>Short-term investment</i>
PT Nusantara Regas	Entitas asosiasi dan entitas berelasi dengan pemerintah/ <i>Associate and Government-related entities</i>	Pemasok gas, penyertaan saham/ <i>Gas supplier, investment in shares of stock</i>
PT Gas Energi Jambi	Entitas asosiasi/ <i>Associate</i>	Penyertaan saham/ <i>Investment in shares of stock</i>

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**35. SALDO DAN TRANSAKSI SIGNIFIKAN
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Transaksi-transaksi signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

	2013	2012	2011
Pendapatan neto (Catatan 25)			
<u>Entitas berelasi dengan pemerintah</u>			
PT PLN (Persero)	575.213.360	400.063.990	333.815.655
PT Indonesia Power	105.826.937	92.755.189	63.477.465
PT Krakatau Daya Listrik	87.827.217	83.766.748	96.645.309
PT PLN Batam	13.626.744	20.145.964	19.054.818
PT Pertamina EP	9.243.352	9.196.037	5.091.277
PT Iglas (Persero)	3.164.826	5.705.032	4.850.473
PT Wijaya Karya Intrade	433.354	412.962	498.090
PT Indofarma (Persero) Tbk	268.368	123.961	85.916
PT Barata Indonesia (Persero)	264.409	445.899	204.927
PT Wijaya Karya Beton	166.187	191.898	201.121
Total	796.034.754	612.807.680	523.925.051
Persentase terhadap total pendapatan neto konsolidasian	26,52%	23,75%	23,49%
Pembelian (Catatan 26)			
<u>Entitas berelasi dengan pemerintah</u>			
PT Pertamina EP	274.771.449	239.050.475	201.714.457
PT Nusantara Regas	74.081.425	28.298.534	-
PT Pertamina Hulu Energi (WJMO)	43.320.322	37.077.150	45.610.917
PT Pertamina Gas	21.079.409	27.358.778	38.674.938
Total	413.252.605	331.784.937	286.000.312
Persentase terhadap total beban pokok pendapatan konsolidasian	26,10%	29,95%	32,19%

	2013	2012	2011
Net revenues (Note 25)			
<u>Government-related entities</u>			
PT PLN (Persero)	333.815.655	400.063.990	333.815.655
PT Indonesia Power	63.477.465	92.755.189	63.477.465
PT Krakatau Daya Listrik	96.645.309	83.766.748	96.645.309
PT PLN Batam	19.054.818	20.145.964	19.054.818
PT Pertamina EP	5.091.277	9.196.037	5.091.277
PT Iglas (Persero)	4.850.473	5.705.032	4.850.473
PT Wijaya Karya Intrade	498.090	412.962	498.090
PT Indofarma (Persero) Tbk	85.916	123.961	85.916
PT Barata Indonesia (Persero)	204.927	445.899	204.927
PT Wijaya Karya Beton	201.121	191.898	201.121
Total	523.925.051	612.807.680	523.925.051
Persentase terhadap total pendapatan neto konsolidasian	23,49%	23,75%	23,49%

	2013	2012	2011
Purchases (Note 26)			
<u>Government-related entities</u>			
PT Pertamina EP	201.714.457	239.050.475	201.714.457
PT Nusantara Regas	-	28.298.534	-
PT Pertamina Hulu Energi (WJMO)	45.610.917	37.077.150	45.610.917
PT Pertamina Gas	38.674.938	27.358.778	38.674.938
Total	286.000.312	331.784.937	286.000.312
Persentase terhadap total beban pokok pendapatan konsolidasian	32,19%	29,95%	32,19%

Saldo-saldo signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

Kas dan setara kas dan kas yang dibatasi penggunaannya (Catatan 4 dan 5)

Pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011, saldo kas dan setara kas dan kas yang dibatasi penggunaannya yang ditempatkan pada entitas berelasi dengan Pemerintah masing-masing sebesar 28,25%, 38,68% dan 31,35% dari total aset konsolidasian.

Investasi jangka pendek (Catatan 6)

Pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011, saldo investasi jangka pendek yang ditempatkan pada entitas berelasi dengan Pemerintah masing-masing sebesar 1,96%, 2,77% dan 0,80% dari total aset konsolidasian.

Significant balances with related parties are as follows:

Cash and cash equivalents and restricted cash (Notes 4 and 5)

As of December 31, 2013, 2012 and 2011, the balances of cash and cash equivalents and restricted cash placed in Government-related entities amounted to 28.25%, 38.68% and 31.35%, respectively, from the total consolidated assets.

Short-term investments (Note 6)

As of December 31, 2013, 2012 and 2011, the balances of short-term investments placed in Government-related entities amounted to 1.96%, 2.77% and 0.80%, respectively, from the total consolidated assets.

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**35. SALDO DAN TRANSAKSI SIGNIFIKAN
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Saldo-saldo signifikan dengan pihak-pihak berelasi adalah sebagai berikut (lanjutan):

Piutang usaha (Catatan 7)

	2013	2012	2011
<u>Entitas berelasi dengan pemerintah</u>			
PT PLN (Persero)	50.127.813	41.188.136	29.511.683
PT Indonesia Power	7.312.041	9.278.005	4.390.646
PT Iglas (Persero)	6.946.063	5.591.215	2.386.376
PT Krakatau Daya Listrik	5.799.649	6.505.338	10.787.359
PT Kertas Lececs (Persero)	4.215.055	4.482.568	4.568.504
PT Pertamina EP	2.361.644	508.763	465.562
PT PLN Batam	1.582.221	1.841.627	3.159.768
Lain-lain (masing-masing di bawah Rp1.000.000.000)	80.839	95.552	117.527
Total	78.425.325	69.491.204	55.387.425
Persentase terhadap total aset konsolidasian	1,80%	1,78%	1,63%

Dari total piutang usaha tersebut di atas, Kelompok Usaha mencadangkan kerugian penurunan nilai atas piutang disebabkan adanya indikasi penurunan nilai.

Uang muka (Catatan 10)

Pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011, saldo uang muka yang ditempatkan pada entitas berelasi dengan Pemerintah masing-masing sebesar 1,79%, 1,97% dan 2,26% dari total aset konsolidasian.

Penyertaan saham (Catatan 13)

Pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011, saldo penyertaan saham yang ditempatkan pada entitas berelasi dengan Pemerintah masing-masing sebesar 2,18%, 1,68% dan 1,32% dari total aset konsolidasian.

Utang usaha (Catatan 17)

	2013	2012	2011
<u>Entitas berelasi dengan pemerintah</u>			
PT Pertamina EP	72.661.777	51.590.101	15.545.068
PT Pertamina Hulu Energi West Java Madura Offshore	4.141.879	2.764.020	3.560.046
PT Nusantara Regas	15.690.534	2.672.099	-
PT Pertamina Gas	1.649.524	969.305	3.054.299
Total	94.143.714	57.995.525	22.159.413
Persentase terhadap total liabilitas konsolidasian	5,75%	3,73%	1,46%

**35. SIGNIFICANT BALANCES AND
TRANSACTIONS WITH RELATED PARTIES
(continued)**

Significant balances with related parties are as follows (continued):

Trade receivables (Note 7)

	2013	2012	2011
<u>Government-related entities</u>			
PT PLN (Persero)	50.127.813	41.188.136	29.511.683
PT Indonesia Power	7.312.041	9.278.005	4.390.646
PT Iglas (Persero)	6.946.063	5.591.215	2.386.376
PT Krakatau Daya Listrik	5.799.649	6.505.338	10.787.359
PT Kertas Lececs (Persero)	4.215.055	4.482.568	4.568.504
PT Pertamina EP	2.361.644	508.763	465.562
PT PLN Batam	1.582.221	1.841.627	3.159.768
Others (each below Rp1,000,000,000)	80.839	95.552	117.527
Total	78.425.325	69.491.204	55.387.425
Persentase terhadap total aset konsolidasian	1,80%	1,78%	1,63%

From the above total trade receivables, the Group provides allowance for impairment losses on receivables due to indications of impairment.

Advances (Note 10)

As of December 31, 2013, 2012 and 2011, the balance of advances placed in Government-related entity amounted to 1.79%, 1.97% and 2.26%, respectively, from the total consolidated assets.

Investment in shares of stock (Note 13)

As of December 31, 2013, 2012 and 2011, the balances of investment in shares of stock placed in government-related entities amounted to 2.18%, 1.68% and 1.32%, respectively, from the total consolidated assets.

Trade payables (Note 17)

	2013	2012	2011
<u>Government-related entities</u>			
PT Pertamina EP	72.661.777	51.590.101	15.545.068
PT Pertamina Hulu Energi West Java Madura Offshore	4.141.879	2.764.020	3.560.046
PT Nusantara Regas	15.690.534	2.672.099	-
PT Pertamina Gas	1.649.524	969.305	3.054.299
Total	94.143.714	57.995.525	22.159.413
Persentase terhadap total liabilitas konsolidasian	5,75%	3,73%	1,46%

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**35. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN
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Saldo-saldo signifikan dengan pihak-pihak berelasi adalah sebagai berikut (lanjutan):

Pinjaman jangka panjang (Catatan 21)

Pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011, saldo pinjaman jangka panjang yang ditempatkan pada entitas yang berelasi dengan Pemerintah masing-masing sebesar 38,77%, 51,18% dan 58,97% dari total liabilitas konsolidasian.

Kompensasi dan imbalan lain

Kelompok Usaha memberikan kompensasi dan imbalan lain kepada Dewan Komisaris dan Direksi sebesar US\$12.266.286, US\$11.511.081 dan US\$12.926.278 untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011, yang terdiri dari:

	2013	2012	2011	
Komisaris				Commissioners
Imbalan jangka pendek	3.020.936	2.448.613	3.071.618	Short-term benefits
Imbalan pasca kerja	190.465	227.609	229.653	Post retirement benefits
Imbalan jangka panjang lainnya	18.316	17.764	1.562	Other long-term benefits
Sub-total	3.229.717	2.693.986	3.302.833	Sub-total
Direksi				Directors
Imbalan jangka pendek	8.380.979	8.179.636	8.852.918	Short-term employee benefits
Imbalan pasca kerja	610.935	593.295	759.253	Post retirement benefits
Imbalan jangka panjang lainnya	44.655	44.164	11.274	Other long-term benefits
Sub-total	9.036.569	8.817.095	9.623.445	Sub-total
Total	12.266.286	11.511.081	12.926.278	Total

36. PROGRAM KEMITRAAN DAN BINA LINGKUNGAN

Dalam suatu program yang dibentuk oleh Pemerintah Republik Indonesia, manajemen Badan Usaha Milik Negara diharuskan mengambil tindakan untuk membantu usaha kecil dan koperasi. Perusahaan mengalokasikan 0,5% dari laba tahun 2006 untuk membiayai Program Kemitraan dan Bina Lingkungan (PKBL) yang telah dipilih oleh Perusahaan atau ditentukan oleh Pemerintah Republik Indonesia. Dana untuk program ini dikelola secara terpisah oleh Perusahaan sebelum dibayarkan dalam bentuk hibah dan pinjaman kepada usaha kecil dan koperasi yang sudah terpilih.

35. SIGNIFICANT BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

Significant balances with related parties are as follows (continued):

Long-term loans (Note 21)

As of December 31, 2013, 2012 and 2011, the balances of long-term loans placed in Government-related entities amounted to 38.77%, 51.18% and 58.97%, respectively, from the total consolidated liabilities.

Compensation and other benefits

The Group provided compensation and other benefits for the Boards of Commissioners and Directors amounting to US\$12,266,286, US\$11,511,081 and US\$12,926,278 for the years ended December 31, 2013, 2012 and 2011, which consist of:

36. PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM

Under a program established by the Government of the Republic of Indonesia, the management of State-Owned Enterprises undertakes measures to foster the partnership and community development program ("Program Kemitraan dan Bina Lingkungan-PKBL"). The Company allocates 0.5% of its 2006 net income to fund the Partnership and Community Development Program (PKBL) selected by the Company or determined by the Government of the Republic of Indonesia. The funds for this program are maintained separately by the Company before being paid out in the forms of grants and loans to designated small enterprises and cooperatives.

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36. PROGRAM KEMITRAAN DAN BINA LINGKUNGAN (lanjutan)

Pada tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011, 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 komprehensif konsolidasian (Catatan 28).

Pada tahun yang berakhir pada tanggal 31 Desember 2012 dan 2011, Perusahaan telah mencatat pencadangan atas program Bina Lingkungan sebagai pengurang saldo laba tahun 2012 dan 2011 (Catatan 24).

Berdasarkan Risalah Rapat Umum Pemegang Saham Tahunan yang diadakan pada tanggal 17 April 2013, Pemegang Saham menetapkan untuk tidak akan mengalokasikan lagi laba tahun berjalan yang dapat diatribusikan kepada pemilik Entitas Induk untuk sumber dana Program Kemitraan dan Bina Lingkungan dan Perusahaan akan membiayai kegiatan tanggung jawab sosial dan lingkungan di tahun buku 2013 sesuai dengan kebutuhan dan kemampuan Perusahaan.

37. PERJANJIAN-PERJANJIAN PENTING

Perusahaan mengadakan perjanjian-perjanjian penting sebagai berikut:

Perusahaan

1. Perjanjian Jual Beli Gas (PJBG)

Perusahaan harus membeli dan membayar jumlah pembelian minimum per tahun/kwartal untuk setiap PJBG di bawah ini. Perbedaan antara jumlah kuantitas pembelian dan kuantitas pembelian minimum dicatat sebagai "Make-Up Gas", yang dapat direalisasikan setiap saat jika kuantitas minimum telah diambil pada tahun/kwartal tertentu selama jangka waktu perjanjian. Saldo "Make-Up Gas" disajikan sebagai bagian dari "Uang Muka" pada laporan posisi keuangan konsolidasian (Catatan 10).

36. PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (continued)

For the years ended December 31, 2013, 2012 and 2011, 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 statements of comprehensive income (Note 28).

For the year ended December 31, 2012 and 2011 the Company has recorded appropriation for Community Development Program as a deduction of 2012 and 2011 retained earnings (Note 24).

Based on Minutes of the Company Annual General Shareholders' Meeting held on April 17, 2013, the Shareholder ratified not to allocate the profit for the year attributable to owner of the Parent Entity to fund the Partnership and Community Development Program and the Company will record activities related to social and community responsibility as an expense in line with as needs and ability.

37. SIGNIFICANT AGREEMENTS

The Company has the following significant agreements:

The Company

1. Gas Sale and Purchase Agreements (GSPA)

The Company is required to buy and pay for the minimum purchase quantity per year/quarter 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 has been taken or at a specified year/quarter 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 (Note 10).

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37. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

Perusahaan (lanjutan)

1. Perjanjian Jual Beli Gas (PJBG) (lanjutan)

<u>Pemasok/ Suppliers</u>	<u>Perjanjian/ Agreements</u>	<u>Lapangan Gas/ Gas Field</u>	<u>Volume/ Volume</u>	<u>Jangka waktu/Terms Awal/Start Akhir/End</u>	
PT Pertamina EP	PJBG Palembang	DOH Sumatera Selatan	2,343 BSCF	17 Dec. 1999	7 Oct. 2012 ¹²⁾
PT Pertamina EP	PJBG Medan	- Lapangan minyak dan gas bumi PT Pertamina EP area kerja Asset 1 - Lapangan Arbei, Blok Gebang	7 MMSCFD 2 MMSCFD	4 Apr. 2002	31 Mar. 2015 ¹⁾
PT Pertamina EP	PJBG Cirebon	Lapangan minyak dan gas bumi PT Pertamina EP Region Jawa, Jawa Bagian Barat	Titik serah Randegan: 2,5 MMSCFD Titik Serah Sunyaragi: 1,5 MMSCFD	4 Apr. 2002	31 Mar. 2015 ¹⁾
PT Pertamina EP	PJBG Sumatera Selatan - Jawa Barat	DOH Sumatera Selatan	1,006 TSCF	26 Jun. 2003	31 Dec. 2025 ¹⁾
PT Pertamina EP	PJBG EEJW	Jatirarangan	40.150 BBTU	26 Jul. 2004	18 Oct. 2014 ¹⁾
ConocoPhillips (Grissik) Ltd.	PJBG Batam I	Corridor Block	225 TBTU	9 Jul. 2004	12 Oct. 2019 ¹⁾
ConocoPhillips (Grissik) Ltd.	PJBG Corridor Block - Jawa barat	Corridor Block	2.310 TBTU	9 Aug. 2004	30 Sep. 2023
ConocoPhillips (Grissik) Ltd.	PJBG Batam II	Corridor Block	65,8 TBTU	12 Dec. 2004	11 Dec. 2019 ¹⁾
ConocoPhillips (Grissik) Ltd.	<i>Amendment and Restatement to Replace IGSPA to GSPA</i>	Corridor Block	12,5 BBTUD	31 May 2010	31 May 2015
Lapindo Brantas, Inc.	<i>Amendment and Restatement of PJBG Lapindo</i>	Lapangan Wunut	112,580 BSCF (until Dec 31, 2011) As it is (since Jan 1, 2012 ⁵⁾	29 Dec. 2003	31 Dec. 2015
PT Pertamina Hulu Energy West Madura Offshore, Kodeco Energy Co. Ltd. dan PT Mandiri Madura Barat	PJBG PHE WMO	West Madura Offshore	18 BBTUD	19 Dec. 2006	31 Dec. 2014
Santos (Madura Offshore) Pty. Ltd., PC Madura Ltd., dan PT Petrogas Pantai Madura	GSA Santos Maleo	Maleo field	351 BCF ⁴⁾	14 Jul. 2007	13 Jul. 2019
Husky CNOOC Madura Ltd.	GSA Husky	Madura BD field	20 MMSCFD	30 Oct. 2007	20 tahun dari tanggal dimulai/20 years from start date

37. SIGNIFICANT AGREEMENTS (continued)

The Company (continued)

1. Gas Sale and Purchase Agreements (GSPA) (continued)

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37. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

Perusahaan (lanjutan)

1. Perjanjian Jual Beli Gas (PJBG) (lanjutan)

Pemasok/ <u>Suppliers</u>	Perjanjian/ <u>Agreements</u>		Lapangan Gas/ <u>Gas Field</u>	Volume/ <u>Volume</u>	Jangka waktu/ <u>Terms</u>	
					<u>Awal/Start</u>	<u>Akhir/End</u>
PT Medco E&P Indonesia (MEI)	PJBG S&CS	Medco	South and Central Sumatera PSC Block	41.900 BBTU	4 Dec. 2009	15 Oct. 2014 ^{1]}
PT Medco E&P Lematang (MEL)	PJBG Lematang	Medco	Singa Field, Block Lematang	53.265,60 BBTU	4 Dec. 2009	Kuantitas yang diperjanjikan tercapai/ contracted quantity delivered
PT Pertiwi Nusantara Resources (PNR)	PJBG	PNR	Glagah Kambuna	12,86 BSCF	14 Apr. 2010	16 Mar. 2014 ^{7]}
PT Bayu Buana Gemilang (BBG)	PJBG	BBG	Lapangan Terang Sirasun Batur	22,735 TBTU	30 Nov. 2011	31 Dec. 2020
PT Walinusa Energi (WNE)	PJBG	WNE	Lapangan Terang Sirasun Batur	32,429 TBTU	12 Jan. 2012	31 Dec. 2020
PT Inti Daya Latu Prima (IDL P)	PJBG	IDL P	Blok Jambi Merang	2,5 BBTUD ^{3]}	7 Feb. 2012	9 Feb. 2019
PT Indogas Kriya Dwiguna (IKD)	PJBG	IKD	Lapangan Terang Sirasun Batur	20 BBTUD	17 Feb. 2012	31 Dec. 2020
PT Sadikun Niagamas Raya (SNR)	PJBG	SNR	Lapangan Terang Sirasun Batur	40,6 TBTU	11 Apr. 2012	31 Dec. 2020
PT PDPDE Gas	PJBG	PDPDE	Blok Jambi Merang	10.700 BBTU	1 Jan. 2013	9 Feb. 2019 ^{18]}
PT Pertamina EP	Kesepakatan Bersama	Sumur Benggala-1	Sumur Benggala-1 Sumatera Utara	2 MMSCFD	Sejak tanggal penyaluran gas Benggala/ Since Benggala gas supply date	6 bulan berikutnya/ months from start date

- 1] Atau berlaku sampai dengan kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu/Or it is valid until the contracted quantity is delivered, whichever comes first
- 2] Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, perjanjian masih dalam proses untuk dijadikan satu dengan PJBG PEP Sumatera Selatan - Jawa Barat/Up to the completion date of the consolidated financial statement, the agreement is in the process for combining to PJBG PEP South Sumatera - West Java
- 3] Jumlah penyerahan harian untuk tahun 2012-2013/Daily contract quantity for 2012-2013.
- 4] Jumlah cadangan Maleo Field (2P)/the amount of Maleo Field (2P) reserves.
- 5] As it is berarti kondisi dimana seluruh volume gas apa adanya yang keluar atau dihasilkan dari Lapangan Wunut, untuk 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
- 6] Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, masih dalam proses pembahasan amandemen PJBG/Up to the completion date of the consolidated financial statements, the amendment of GSA is in process
- 7] Penyaluran dihentikan oleh pemasok berdasarkan surat dari pemasok No. 025/PNR/DU/VII/2013, tanggal 5 Juli 2013/Gas supply has been terminated by the supplier based on the letter from supplier No. 025/PNR/DU/VII/2013, dated July 5, 2013
- 8] Penyaluran gas belum dimulai karena prasyarat keberlakuan PJBG terkait perizinan belum diperoleh PT PDPDE Gas/Gas not delivered yet due to PT PDPDE Gas did not meet GSA's terms & conditions permit process

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, perjanjian-perjanjian tersebut belum jatuh tempo dan belum mencapai jumlah yang diperjanjikan.

Up to the completion date of the consolidated financial statements, those agreements have not been expired and the contracted quantity is not fully delivered yet.

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37. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

Perusahaan (lanjutan)

2. Perjanjian Penyaluran Gas melalui East Java Gas Pipeline System (EJGP)

Pada tanggal 10 Juni 2005, Perusahaan dan PT Pertamina (Persero) (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 (*tie-in Maleo Spur*) 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 yang lebih dahulu. Pada tanggal 11 Januari 2010, PT Pertamina (Persero) (Pertamina), PT Pertamina Gas (Pertagas) dan Perusahaan menandatangani Perjanjian Novasi atas Perjanjian EJGP dimana hak dan kewajiban Pertamina beralih ke Pertagas.

Pada tanggal 23 Desember 2010, Pertagas dan Perusahaan menandatangani Amandemen Perjanjian Penyaluran Gas melalui East Java Gas Pipeline System (EJGP). Dimana kedua belah pihak setuju untuk menambah dan mengubah beberapa definisi, mengubah seluruh lampiran pada perjanjian sebelumnya, ketentuan alat ukur dan tarif gas yang terukur di titik pengiriman.

3. 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 (WJGP), di mana Pertagas setuju memberikan jasa transportasi gas dari stasiun kompresor di Tegal Gede sampai dengan di Serpong. Kapasitas yang disediakan untuk pengangkutan gas tersebut sebesar 40 mmscf. Perjanjian berlaku untuk 12 bulan sejak tanggal 1 Januari 2010 atau tanggal lain yang disepakati oleh para pihak.

Pada tanggal 21 Mei 2010, Perusahaan dan Pertagas menandatangani Amandemen Kesepakatan Bersama yang menambahkan ruas Citarik-Tegal Gede.

37. SIGNIFICANT AGREEMENTS (continued)

The Company (continued)

2. Transportation Gas Agreement through East Java Gas Pipeline System (EJGP)

On June 10, 2005, the Company and PT Pertamina (Persero) (Pertamina), entered into a Gas Distribution Agreement through East Java Gas Pipeline System (EJGP) whereby Pertamina agreed to provide gas transportation from the linking point between Maleo fork (*tie-in Maleo Spur*) pipe to the delivery point. This agreement will be terminated in 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 comes first. On January 11, 2010, PT Pertamina (Persero) (Pertamina), PT Pertamina Gas (Pertagas) and the Company entered into a Novation Agreement of EJGP Agreement whereby the rights and obligations of Pertamina will be transferred to Pertagas.

On December 23, 2010, Pertagas and the Company entered into an Amendment of Gas Distribution Agreement through East Java Gas Pipeline System (EJGP). Whereby both parties agreed to add and change certain definitions, change all attachments of previous agreement, the terms of measuring instrument and the gas rate which are measured at the delivery point.

3. Pertagas West Java Gas Transportation Pipeline Agreement

On December 22, 2009, the Company and PT Pertamina Gas (Pertagas), entered into a Gas Distribution Agreement through West Java Tegal Gede-Nagrak-Bitung Gas Pipeline System (WJGP) whereby Pertagas agreed to provide gas transportation from compressor station in Tegal Gede to Gas Measurement Station in Serpong. The capacity provided for gas transportation amounting to 40 mmscf. This agreement is valid for 12 months since January 1, 2010 or such other date as agreed by the parties of the agreements.

On May 21, 2010, the Company and Pertagas signed an amendment agreement which added Citarik-Tegal Gede sections.

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Perusahaan (lanjutan)

**3. Perjanjian Pemanfaatan Pipa Transmisi
Pertagas Area Jawa Bagian Barat (lanjutan)**

Pada tanggal 11 Maret 2011, Perusahaan dan Pertagas menandatangani Amandemen Kedua Kesepakatan Bersama yang menambahkan titik serah pada ruas Nagrak-Bitung dan Bitung-Cilegon serta memperpanjang jangka waktu Kesepakatan Bersama sampai dengan tanggal 30 Juni 2011.

Pada tanggal 29 Desember 2011, Perusahaan dan Pertagas menandatangani Amandemen Kesepakatan Bersama yang memperpanjang jangka waktu sampai dengan 31 Desember 2012.

Pada tanggal 20 Februari 2013, Perusahaan dan Pertagas menandatangani Surat Perpanjangan Kesepakatan Bersama yang memperpanjang jangka waktu sampai dengan 30 April 2013. Sampai dengan tanggal tanggal penyelesaian laporan keuangan konsolidasian ini, perpanjangan perjanjian ini masih dalam proses penandatanganan.

4. Perjanjian Pengangkutan Gas

**a. Perjanjian Pengangkutan Gas melalui
Jaringan Pipa Transmisi Sumatera
Selatan - Jawa Bagian Barat**

Pada tanggal 15 Agustus 2011, Perusahaan dan PT PLN (Persero) 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	Periode	Kapasitas
2011	Jul-Des	81
2012	Jan-Des	40
2013	Jan-Des	40
2014- 2019	Jan-Des	21

Perjanjian berlaku untuk 9 tahun sejak tanggal dimulainya pengangkutan gas.

37. SIGNIFICANT AGREEMENTS (continued)

The Company (continued)

**3. Pertagas West Java Gas Transportation
Pipeline Agreement (continued)**

On March 11, 2011, the Company and Pertagas signed the Second Amendment Agreement which added the transfer point of Nagrak-Bitung and Bitung-Cilegon sections and extend the Agreement until June 30, 2011.

On December 29, 2011, the Company and Pertagas entered into the Amendment of Collective Agreement which extended the maturity date of the agreement until December 31, 2012.

On February 20, 2013, the Company and Pertagas entered into the Extension Letter of Agreement which extended the maturity date of the agreement until April 30, 2013. Up to the completion date of this consolidated financial statements, the extension of these agreement is in the signing process.

4. Transportation Gas Agreement

**a. Transportation Gas Agreement through
South Sumatera - West Java Gas
Transportation Pipeline**

On August 15, 2011, the Company and PT PLN (Persero), entered into the amendment and restatement of Transportation Gas Agreement through Gas Transmission Pipeline South Sumatera - West Java for power center in Muara Tawar (source of gas from Jambi Merang) from Grissik to Muara Bekasi whereby the Company agreed to provide gas transportation service from Pulau Gading field and Sungai Kenawang field in Grissik to Muara Bekasi. The capacity provided for gas transportation amounting to:

Year	Period	Capacity
2011	Jul-Dec	81
2012	Jan-Dec	40
2013	Jan-Dec	40
2014- 2019	Jan-Dec	21

This agreement is valid for 9 years, starting from the date of the gas delivered.

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37. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

Perusahaan (lanjutan)

4. Perjanjian Pengangkutan Gas (lanjutan)

a. Perjanjian Pengangkutan Gas melalui Jaringan Pipa Transmisi Wampu Belawan

Pada tanggal 4 Agustus 2009, Perusahaan dan PT PLN (Persero) telah menandatangani Kesepakatan Bersama tentang Pemanfaatan Jaringan Pipa Transmisi Wampu Belawan (Kesepakatan Bersama), di mana Perusahaan setuju memberikan jasa transportasi gas dari pipa transmisi Wampu Belawan. Perjanjian berlaku sejak tanggal ditandatangani sampai dengan 12 bulan atau sampai dengan perjanjian pengangkutan gas ditandatangani (PPG).

Pada tanggal 26 September 2012, Perusahaan dan PT PLN (Persero) telah menandatangani amandemen Kesepakatan Bersama mengenai pemanfaatan jaringan pipa transmisi Wampu Belawan, dimana Perusahaan setuju memberikan jasa transportasi gas dari pipa transmisi Wampu Belawan. Perjanjian ini berlaku sampai dengan 31 Desember 2012. Pada tanggal 4 Februari 2013 perjanjian ini telah diperpanjang sampai dengan 31 Desember 2013. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, perpanjangan perjanjian ini masih dalam proses.

5. Perjanjian Proyek

a. Perusahaan memiliki Perjanjian Proyek dengan ADB pada tanggal 31 Oktober 1995 sehubungan dengan Proyek Transmisi dan Distribusi Gas, yang dibiayai oleh ADB, JBIC dan EIB melalui Perjanjian Pinjaman dengan Pemerintah (Catatan 21). Perjanjian Proyek menetapkan kewajiban Perusahaan sebagai agen pelaksana Proyek, yang meliputi penyediaan dan konstruksi jalur pipa transmisi antara Grissik dan Duri, jalur pipa ("spur pipeline") dari Sakernan ke Batam; penyediaan dan konstruksi tambahan serta peralatan dan fasilitas yang terletak di lokasi lain; jasa konsultasi, manajemen dan keuangan, serta penguatan institusi Perusahaan dan pengembangan sumber daya manusia. Perjanjian Proyek ini berlaku sejalan dengan perjanjian pinjaman dengan ADB.

37. SIGNIFICANT AGREEMENTS (continued)

The Company (continued)

4. Transportation Gas Agreement (continued)

b. Transportation Gas Agreement through Wampu Belawan Gas Transportation Pipeline

On August 4, 2009, the Company and PT PLN (Persero) has signed an Agreement of Transmission Pipelines Wampu Belawan (Agreement), whereby the Company agreed to provide transportation services from Wampu Belawan gas transmission pipeline. The agreement is valid from the date signed up to 12 months or until the gas transport agreement signed (PPG).

On September 26, 2012, the Company and PT PLN (Persero) entered into the amendment of Transportation Gas Agreement through gas transmission pipeline Wampu Belawan, whereby the Company agreed to transmit the gas from the Wampu Belawan transportation pipeline. This agreement is valid until December 31, 2012. On February 4, 2013, this agreement has been extended until December 31, 2013. Up to the completion date of this consolidated financial statements, the extension of this agreement is still in process.

5. Project Agreement

a. The Company entered into a Project Agreement with ADB dated October 31, 1995 in connection with the Gas Transmission and Distribution Project, which is funded in part by the ADB, JBIC and EIB, through Loan Agreements with the Government (Note 21). The Project Agreement sets out the Company's obligations as the executing agent of the Project, which covers the supply and construction of the transmission pipeline between Grissik and Duri, and a spur pipeline from Sakernan to Batam; supply and construction of ancillary and offsite equipment; consulting, management and financial services, as well as institutional strengthening of the Company and human resources development. The Project Agreement's terms are in line with the loan agreement with the ADB.

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Perusahaan (lanjutan)

5. Perjanjian Proyek (lanjutan)

- b. Pada tanggal 1 Oktober 2003, Perusahaan mengadakan Perjanjian Proyek dengan IBRD sehubungan dengan komitmen untuk menjalankan Proyek Restrukturisasi dan Penguatan Sektor Energi Jawa-Bali.
- c. Pada tanggal 3 April 2006, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman No. SLA-1201/DP3/2006, di mana Pemerintah meneruskan hasil pinjaman dari IBRD kepada Perusahaan untuk membiayai Proyek Pengembangan Pasar Gas Domestik.

6. Perjanjian Kerja Sama Operasi

- a. Pada tanggal 2 April 2004, Perusahaan dan PT Citraagung Tirta Jatim (CTJ) mengadakan perjanjian kerja sama operasi yang diaktakan dengan Akta Notaris No. 1 dari Notaris T. Trisnawati, S.H. Dalam Akta Notaris tersebut dinyatakan bahwa Perusahaan akan menyediakan tanah seluas sekitar 39.020 meter persegi yang terletak di Surabaya untuk dibangun pusat perbelanjaan oleh CTJ dengan nilai sekitar Rp336.245.000.000. CTJ berkewajiban untuk memberikan kompensasi kepada Perusahaan berupa pendirian bangunan dengan nilai Rp20.750.000.000, yang terdiri dari gedung kantor dan rumah dinas Perusahaan, serta pembayaran royalti sebesar Rp200.000.000 termasuk pajak penghasilan setiap tahunnya dari tanggal 20 Maret 2010 sampai dengan 20 Maret 2031.

CTJ akan diberi hak pengelolaan atas bangunan pusat perbelanjaan tersebut sejak selesainya pembangunan bangunan kompensasi atau pada tanggal 2 April 2007, mana yang tercapai lebih dulu, sampai dengan berakhirnya tahap pengelolaan atau pada tanggal berakhirnya perjanjian kerja sama operasi. Pada akhir masa pengelolaan, bangunan pusat perbelanjaan akan menjadi milik Perusahaan. Perjanjian ini berlaku selama 28 tahun dan akan berakhir pada tanggal 2 April 2032.

37. SIGNIFICANT AGREEMENTS (continued)

The Company (continued)

5. Project Agreement (continued)

- b. On October 1, 2003, the Company entered into a Project Agreement with IBRD in connection with the commitment to execute the Java-Bali Power Sector Restructuring and Strengthening Project.
- c. On April 3, 2006, the Company and the Government entered into the related Subsidiary Loan Agreement No. SLA-1201/DP3/2006, where the Government relend the IBRD loan to the Company, which shall be use to finance the Domestic Gas Market Development Project.

6. Joint Operation Agreement

- a. On April 2, 2004, the Company entered into a joint operation agreement with PT Citraagung Tirta Jatim (CTJ) which was notarized by Notarial Deed No. 1 of T. Trisnawati, S.H. Based on the Notarial Deed, the Company will provide its land covering 39,020 square meters located at Surabaya for CTJ to build a shopping centre with total value of approximately Rp336,245,000,000. 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.

CTJ will have the rights to operate the shopping centre from the completion date of the construction of the building compensation, or on April 2, 2007, whichever is earlier, up to the end of the operational year or the end of the joint operation agreement. At the end of the operational phase, the shopping centre will be transferred to the Company. This agreement is valid for 28 years and will expire on April 2, 2032.

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Perusahaan (lanjutan)

6. Perjanjian Kerja Sama Operasi (lanjutan)

Berdasarkan Akta Notaris No. 2 tanggal 2 April 2004 dari Notaris T. Trisnawati, S.H. mengenai perjanjian pengelolaan antara Perusahaan dengan CTJ, CTJ memperoleh hak pengelolaan, yang meliputi hak menguasai, memanfaatkan, menggunakan, mengelola bangunan pusat perbelanjaan, memiliki dan menikmati seluruh hasilnya, serta membuat atau melakukan semua perjanjian sewa menyewa. 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.

- b. Pada tanggal 10 Maret 2005, Perusahaan dan PT Winatek Sinergi Mitra Bersama (WSMB) mengadakan perjanjian kerja sama operasi dimana Perusahaan akan menyediakan lahan yang terletak di Jl. Kyai Haji Zainul Arifin No. 20, Jakarta kepada WSMB 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. WSMB berkewajiban untuk memberikan kompensasi awal sebesar Rp18.935.005.000 kepada Perusahaan, berupa bangunan kompensasi seluas 12.250 meter persegi. Perusahaan akan memberikan hak pengelolaan atas bangunan kompensasi akhir berikut dengan fasilitas pendukungnya kepada WSMB.

Bangunan kompensasi akhir akan diserahkan kepada Perusahaan setelah berakhirnya tanggal efektif perjanjian kerja sama operasi. Perjanjian ini berlaku selama 28 tahun dan 6 bulan sejak tanggal efektif perjanjian kerja sama operasi ini. Perjanjian ini akan berlaku efektif jika beberapa ketentuan dalam perjanjian telah terpenuhi atau paling lambat tanggal 1 Juli 2005, mana yang terlebih dahulu.

Perusahaan akan memberikan hak prioritas kepada WSMB untuk memperoleh hak pengelolaan tahap kedua dengan jangka waktu 25 tahun. Perjanjian ini telah diubah pada tanggal 28 Juli 2005 (amandemen 1).

37. SIGNIFICANT AGREEMENTS (continued)

The Company (continued)

6. Joint Operation Agreement (continued)

Based on the Notarial Deed No. 2 dated April 2, 2004 of T. Trisnawati, S.H. regarding operational agreement between the Company and CTJ, CTJ will have the rights to utilize, operate, manage, and earn the benefit from the shopping centre, and to enter into rental agreements. The Company will give priority to CTJ to obtain the right to operate and manage the second operational phase for 25 years at the end of the first operational phase, which is April 2, 2032.

- b. *On March 10, 2005, the Company entered into a joint operation agreement with PT Winatek Sinergi Mitra Bersama (WSMB), whereby the Company will provide its land located at Jl. Kyai Haji Zainul Arifin No. 20, Jakarta for WSMB 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. WSMB is obliged to give initial compensation amounting to Rp18,935,005,000 to the Company, in the form of building compensation with an area of 12,250 square meters. The Company will give rights to WSMB to operate the final building compensation including the supporting facilities.*

The final building compensation will be transferred to the Company at the end of the effective date of the joint operation agreement. This agreement is valid for 28 years and 6 months from the effective date of the joint operation agreement. This agreement will be effective after certain conditions are satisfied or at the latest, until July 1, 2005, whichever is earlier.

The Company will give priority to WSMB to obtain the right to operate and manage the second operational phase for 25 years. This agreement has been amended on July 28, 2005 (amendment 1).

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37. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

Perusahaan (lanjutan)

6. Perjanjian Kerja Sama Operasi (lanjutan)

Pada tanggal 29 November 2005, Perusahaan dan WSMB melakukan perubahan atas perjanjian kerja sama operasi (amandemen 2) diantaranya tentang luas minimal bangunan keseluruhan yang akan dibangun dari 20.000 meter persegi senilai minimal Rp80.000.000.000 menjadi 21.000 meter persegi senilai minimal Rp80.000.000.000 dan masa berlakunya perjanjian dari 28 tahun dan 6 bulan menjadi 29 tahun.

Perusahaan dan WSMB mengukuhkan secara hukum perubahan atas perjanjian kerja sama operasi (amandemen 1 dan 2) tersebut di atas dengan akta notaris Anne Djoenardi S.H., MBA No. 12 tertanggal 29 Maret 2006.

7. Pada tanggal 22 November 2006, Perusahaan dan PT Perkebunan Nusantara VII (Persero) (PT PN VII) dengan PT Bank Mandiri (Persero) Tbk (Bank Mandiri) menandatangani Perjanjian Pengelolaan Rekening Penampungan terkait dengan perjanjian ganti rugi tanah PT PN VII yang terkena jalur pipa transmisi gas bumi Perusahaan dalam rangka proyek pipa transmisi SSWJ. Dalam perjanjian ini, Perusahaan dan PT PN VII setuju untuk membuka rekening penampungan di Bank Mandiri, dimana Perusahaan harus melakukan penyeteroran dengan jumlah minimal Rp4.111.399.590 pada rekening tersebut dan memberi kuasa kepada Bank Mandiri untuk melaksanakan pengelolaan dana rekening tersebut. Dana tersebut akan dipindahbukukan oleh Bank Mandiri kepada PT PN VII dalam dua tahap, yaitu:
- Tahap pertama sebesar Rp1.152.123.022;
 - Tahap kedua sebesar Rp2.959.276.568.

Perjanjian ini berlaku sampai dengan 12 bulan sejak tanggal penandatanganan perjanjian atau sampai dengan selesainya pelaksanaan pembayaran mana yang terjadi lebih dahulu (Catatan 5).

37. SIGNIFICANT AGREEMENTS (continued)

The Company (continued)

6. Joint Operation Agreement (continued)

On November 29, 2005, the Company and WSMB amended the joint operation agreement (amendment 2), relating to, among others, the minimum building area from 20,000 square meters with minimum total value of Rp80,000,000,000 to 21,000 square meters with minimum total value of Rp80,000,000,000 and the validity year of the agreement from 28 years and 6 months to 29 years.

The Company and WSMB legally amended the joint operation agreement above (amendment 1 and 2) with Notarial Deed No. 12 of Anne Djoenardi S.H., MBA dated March 29, 2006.

7. On November 22, 2006, the Company and PT Perkebunan Nusantara VII (Persero) (PT PN VII) with PT Bank Mandiri (Persero) Tbk (Bank Mandiri) entered into Reserve Account Management Agreement related to compensation agreement of PT PN VII's land passed through by the Company's natural gas transmission pipeline in relation with SSWJ transmission pipeline project. Under this agreement, the Company and PT PN VII agreed to open reserve accounts in Bank Mandiri, which the Company has to transfer with minimum amount of Rp4,111,399,590 to such account and gave an authority to Bank Mandiri to maintain the funds in such account. The funds will be transferred by Bank Mandiri to PT PN VII in two phases, as follows:
- First phase amounting to Rp1,152,123,022;
 - Second phase amounting to Rp2,959,276,568.

This agreement is valid up to 12 months since the date of signing date of the agreement or until the completion of payment, whichever comes first (Note 5).

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37. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

Perusahaan (lanjutan)

8. Pada tanggal 17 April 2009, Perusahaan mengadakan kesepakatan dengan PT Pertamina (Persero) (Pertamina) dan PT Perusahaan Listrik Negara (Persero) (PLN) atas ketentuan-ketentuan pokok perjanjian tentang pembentukan Perusahaan LNG Receiving Terminal dalam rangka pemenuhan kebutuhan LNG domestik. Besarnya permodalan dan persentase masing-masing pihak dalam perusahaan tersebut akan diatur lebih lanjut dalam Perjanjian Pemegang Saham.

Pada tanggal 4 Februari 2010, Perusahaan telah menandatangani Perjanjian Pemegang Saham Pembentukan Perusahaan *Joint Venture Floating Storage and Regasification Terminal (FSRT)* gas alam cair (LNG) dengan Pertamina. Dalam perjanjian ini, kedua belah pihak sepakat bahwa Perusahaan dan Pertamina memiliki penyertaan dalam *Joint Venture* dengan persentase kepemilikan masing-masing sebesar 40% dan 60% (Catatan 13).

9. Pada tanggal 6 Desember 2011, Hoegh LNG Limited dan PT Rekayasa Industri dalam hal ini selanjutnya disebut "Konsorsium" dan Perusahaan menandatangani *Heads of Agreement (HoA)* terkait dengan Proyek fasilitas Penyimpanan dan Regasifikasi Terapung LNG Medan.

Perjanjian ini berlaku sampai dengan mana yang terjadi terlebih dahulu antara;

- a) tanggal perjanjian
- b) tanggal eksekusi atas perjanjian; atau
- c) tanggal dimana para pihak memberikan persetujuan secara tertulis untuk mengakhiri HoA.

10. Pada tanggal 25 Januari 2012, Perusahaan, PT Rekayasa Industri (Rekind) dan Hoegh LNG Limited (Hoegh) menandatangani *Umbrella Agreement* terkait dengan Proyek Fasilitas Penyimpanan dan Regasifikasi Terapung (FSRT) LNG Medan. Perjanjian ini berlaku sampai dengan 1 September 2013.

37. SIGNIFICANT AGREEMENTS (continued)

The Company (continued)

8. On April 17, 2009, the Company entered into an agreement with PT Pertamina (Persero) (Pertamina) and PT Perusahaan Listrik Negara (Persero) (PLN) on the basic term of agreement for the establishment of LNG Receiving Terminal Company in order to fulfill the LNG domestic needs. Total capital and percentage of ownership of each party in this company will be agreed further in the Shareholder Agreement.

On February 4, 2010, the Company signed a Shareholder Agreement for the Establishment of Joint Venture of LNG Floating Storage and Regasification Terminal (FSRT) with Pertamina. Under this agreement, both parties agreed that the Company and Pertamina have investments in the Joint Venture with percentage of ownership of 40% and 60%, respectively (Note 13).

9. On December 6, 2011, Hoegh LNG Limited and PT Rekayasa Industri, together herein as the "Consortium" and the Company entered into Heads of Agreement related to Medan LNG Floating Storage and Regasification Facilities Project.

This agreement is valid until on which the earlier of the following occurs:

- a) the agreement date;
- b) the date of execution of the agreement; or
- c) the date of the parties mutually agreed in writing to terminate these HoA.

10. On January 25, 2012, the Company, PT Rekayasa Industri (Rekind) and Hoegh LNG Limited (Hoegh) entered into Umbrella Agreement related to Medan LNG Floating Storage and Regasification Facilities (FSRT) Project. This agreement is valid until September 1, 2013.

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37. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

Perusahaan (lanjutan)

Pada 19 Maret 2012, Perusahaan menerima surat dari Menteri Badan Usaha Milik Negara (BUMN) No: S-141/MBU/2012 tentang Relokasi Proyek FSRT Belawan dan Proyek Revitalisasi LNG Arun yang pada intinya meminta kepada agar Perusahaan merelokasi proyek FSRT LNG dari Medan ke Lampung. Berdasarkan surat tersebut, maka pada tanggal 17 Oktober 2012, Perusahaan, Rekind dan Hoegh menandatangani *Amendment and Restatement Umbrella Agreement* terkait relokasi FSRT Medan ke Lampung.

11. Pada tanggal 25 Januari 2012, Perusahaan dan PT Rekayasa Industri (Rekind) menandatangani Perjanjian Rekayasa, Pengadaan, Konstruksi, Instalasi dan Komisioning (EPCIC) atas Sistem Pipa untuk Proyek Fasilitas Penyimpanan dan Regasifikasi Terapung LNG Medan. Dalam perjanjian ini, Rekind setuju untuk melaksanakan pembangunan *mooring system*, sistem pipa dan stasiun gas terkait dengan proyek FSRT LNG Medan. Perjanjian ini berlaku sampai dengan 10 Maret 2014. Berdasarkan surat dari Menteri Badan Usaha Milik Negara (BUMN) No: S-141/MBU/2012 di atas, pada tanggal 17 Oktober 2012, Perusahaan dan Rekind menandatangani amandemen perjanjian ini sehubungan dengan relokasi FSRT Medan ke Lampung.
12. Pada tanggal 25 Januari 2012, Perusahaan, dan Hoegh LNG Limited (Hoegh) menandatangani perjanjian sewa, operasi dan pemeliharaan atas proyek FSRT LNG Medan. Dalam perjanjian ini, Hoegh bersedia untuk menyediakan kapal FSRT untuk jangka waktu selama 20 tahun. Berdasarkan surat dari Menteri Badan Usaha Milik Negara (BUMN) No: S-141/MBU/2012 di atas, pada tanggal 17 Oktober 2012, Perusahaan dan Hoegh menandatangani amandemen perjanjian ini sehubungan dengan relokasi FSRT Medan ke Lampung.
13. Pada tanggal 18 September 2013, Perusahaan, Hoegh LNG Limited (Hoegh) dan PT Hoegh LNG Lampung menandatangani Perjanjian Novasi atas *Amendment and Restatement Agreement of the Original Lease, Operation and Maintenance* dimana hak dan kewajiban Hoegh LNG Limited (Hoegh) beralih ke PT Hoegh LNG Lampung.

37. SIGNIFICANT AGREEMENTS (continued)

The Company (continued)

On March 19, 2012, the Company received a letter from the Minister of State-Owned Enterprises No: S-141/MBU/2012 regarding Projects Relocation of FSRT Belawan and Project Revitalization of LNG Arun which in essence asking the Company to relocate the LNG project from Medan to Lampung. Based on the letter, on October 17, 2012, the Company, Rekind and Hoegh entered into an *Amendment and Restatement Umbrella Agreement* related to relocation the FSRT Medan to Lampung.

11. On January 25, 2012, the Company and PT Rekayasa Industri (Rekind) entered into *Engineering, Procurement, Construction, Installation and Commissioning (EPCIC)* of the Pipeline System for Medan LNG Floating Storage and Regasification Facilities Project Agreement. In this agreement, Rekind agreed to build mooring system, pipeline system and gas station related to Medan LNG FSRT. This agreement is valid until March 10, 2014. Based on letter from the Minister of State-Owned Enterprises No: S-141/MBU/2012 above, on October 17, 2012, the Company and Rekind entered into an amendment of this agreement related to relocation the FSRT Medan to Lampung.
12. On January 25, 2012, the Company and Hoegh LNG Limited (Hoegh) entered into lease, operation and maintenance agreement for Medan LNG FSRT project. In this agreement, Hoegh agreed to provide FSRT vessel for 20 years. Based on letter from the Minister of State-Owned Enterprises No: S-141/MBU/2012 above, on October 17, 2012, the Company and Rekind entered into an amendment of this agreement related to relocation the FSRT Medan to Lampung.
13. On September 18, 2013, the Company, Hoegh LNG Limited (Hoegh) and PT Hoegh LNG Lampung entered into *Novation Agreement of Amendment and Restatement Agreement of the Original Lease, Operation and Maintenance* whereby the rights and obligations of Hoegh LNG Limited (Hoegh) will be transferred to PT Hoegh LNG Lampung.

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Perusahaan (lanjutan)

14. Pada tanggal 7 November 2013, Premier Oil Natuna Sea B.V. (Premier), Sembcorp Gas Pte. Ltd. (SembGas), Gas Supply Pte Ltd. (GSPL), ConocoPhillips (Grissik) Ltd. (CPGL) sebagai representatif PT Pertamina (Persero), Perusahaan dan ConocoPhillips Indonesia Inc. Ltd. (COPI) menandatangani Perjanjian Swap Dalam Negeri Blok A Laut Natuna. Dimana dalam perjanjian tersebut, Perusahaan setuju untuk menerima swap gas di Titik Penyerahan Corridor Block dan mengalirkan swap gas tersebut sesuai kapasitas pengaliran sesuai dengan pasokan masing-masing pihak yang terkait di Jawa Barat.

Perjanjian ini akan berlaku sampai dengan tanggal yang lebih awal dari:

- tanggal yang jatuh tempo dari delapan belas bulan setelah tanggal dimulai;
- tanggal ketika keseluruhan kuantitas Swap Premier yang diserahkan di Titik Penyerahan GSA2 sama dengan Kuantitas Swap Maksimum;
- pengiriman pertama Gas berdasarkan salah satu GSA Batam;
- berakhirnya perjanjian - perjanjian lain yang terkait dengan gas swap tersebut.

Transgasindo, Entitas Anak

15. Perjanjian Transportasi Gas

Dalam hubungan dengan kegiatan usahanya, Transgasindo mengadakan perjanjian transportasi gas baik yang bersifat tetap/firm maupun tidak tetap/interruptible dengan pihak pengirim/shippers. Pada tanggal 31 Desember 2013, ringkasan perjanjian transportasi gas yang masih berlaku adalah sebagai berikut:

37. SIGNIFICANT AGREEMENTS (continued)

The Company (continued)

14. On November 7, 2013, Premier Oil Natuna Sea B.V. (Premier), Sembcorp Gas Pte. Ltd. (SembGas), Gas Supply Pte Ltd. (GSPL), ConocoPhillips (Grissik) Ltd. (CPGL) as the representative of PT Pertamina (Persero), the Company dan ConocoPhillips Indonesia Inc. Ltd. (COPI) entered into a Natuna Sea Block A Domestic Swap Agreement. In this agreement, the Company agreed to receive swap gas at Corridor Block Delivery Point and deliver the swap gas with capacity to be delivered based on the gas availability from each parties in West Java.

This agreement is valid until the earliest date of:

- the maturity date from eighteen months after the start date;
- the date the aggregate of Premier Delivered Swap quantities delivered at the GSA2 Delivery Point equals with the Maximum Swap Quantity;
- first delivery of gas under one of Batam GSAs;
- the termination of the other agreements related to swap gas.

Transgasindo, the Subsidiary

15. Gas Transportation Agreements

In relation to its course of business, Transgasindo entered into firm or interruptible gas transportation agreements with shippers. As of December 31, 2013, the summary of outstanding gas transportation agreements is as follows:

Perjanjian/ Agreements	Pengirim/ Shippers	Pegguna/ End-users	Tanggal reserve - tanggal akhir/ Reserve date - termination date	Jenis jasa/ Type of services	Kapasitas dicadangkan (MSCF/hari) Reserved capacity (MSCF/day)	
					Awal/Start	Akhir/End
Jaringan Pipa Grissik-Duri/Grissik-Duri Pipeline						
GTA I Caltex	ConocoPhillips (Grissik), Ltd.	PT Chevron Pacific Indonesia (CPI)	1 Jan. 2003 - 19 Nov. 2013	Tetap/Firm	304.900	28.100
GTA II Caltex	ConocoPhillips (Grissik), Ltd.	CPI	1 Jan. 2003 - 10 Aug. 2021	Tetap/Firm	122.000	78.000
GTA CPI-3	ConocoPhillips (Grissik), Ltd.	CPI	28 May 2013 - 10 Aug. 2021	Tetap/Firm	10.286	133.333
GTA PGN	Perusahaan/ The Company	RAPP dan/and IKPP	1 Jun. 2010 - 31 May 2015	Tetap/Firm	10.860	10.860

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Transgasindo, Entitas Anak

15. Perjanjian Transportasi Gas (lanjutan)

Perjanjian/ Agreements	Pengirim/ Shippers	Pegguna/ End-users	Tanggal reserve - tanggal akhir/ Reserve date - termination date	Jenis jasa/ Type of services	Kapasitas dicadangkan (MSCF/hari) Reserved capacity (MSCF/day)	
					Awal/Start	Akhir/End
Jaringan Pipa Grissik-Duri (lanjutan)/Grissik-Duri Pipeline (continued)						
GTA PGN	Perusahaan/ The Company	Pertamina Lirik dan/and Ukui	25 Jun. 2010 - 31 May 2015	Tetap/Firm	2.424	2.424
GTA Energas	PT Energasindo Heksa Karya	PLN	8 Jan. 2009 - 31 Dec. 2018	Tetap/Firm	20.000	20.000
GTA Jambi Merang - Duri	PT Pertamina Hulu Energi Jambi Merang; Talisman (Jambi Merang) Ltd.; Pacific Oil & Gas (Jambi Merang) Ltd.	CPI	1 Apr. 2011 - 9 Feb. 2019	Tetap/Firm	22.000	10.000
GTA Payo Selincah		PLN	24 Feb. 2012 - 9 Feb. 2019	Tetap/Firm	25.000	25.000
GTA Rengat		PLN	18 Apr. 2012 - 9 Feb. 2019	Tetap/Firm	3.200	4.000
GTA Gagas Perawang	PT Gagas Energi Indonesia	IKPP	1 Nov. 2012 - 9 Feb. 2019	Tetap/Firm	7.140	7.140
Jaringan Pipa Grissik-Singapura/Grissik-Singapore Pipeline						
GTA Singapore	ConocoPhillips (South Jambi), Ltd.; ConocoPhillips (Grissik), Ltd.; PetroChina Jabung, Ltd.	Gas Supply Pvt, Ltd. (GSPL)	12 Sep. 2003 - 12 Sep. 2023	Tetap/Firm	195.000	402.500
GTA Panaran	Perusahaan/ The Company	Batam Distribution Network (BDN) dan/and PLN	13 Oct. 2004 - 26 Nov. 2019	Tetap/Firm	22.000	63.900
GTA PDPDE	Perusahaan Daerah Pertambangan dan Energi Sumatera Selatan (PDPDE)	PT Lontar Papyrus Pulp & Paper Industry	1 Oct. 2011 - 9 Feb. 2019	Tetap/Firm	8.000	12.000
IGTA IDL P	PT Inti Daya Latu Prima	PLN, Dalle Energy dan/and Industrial	31 Jan. 2012 - 9 Feb. 2019	Tidak tetap/ Interruptible	20.000	20.000

**16. Perjanjian yang Berkaitan dengan Jaringan
Pipa Grissik - Duri - Transgasindo**

- a. Perjanjian Pengalihan Aset (*Asset Transfer Agreement*), yang disahkan dengan Akta Notaris Fathiah Helmi, S.H., No. 11 pada tanggal 9 Maret 2002. Berdasarkan perjanjian ini, Perusahaan menjual aset netonya di Unit Transmisi Sumatera Tengah kepada Transgasindo. Transgasindo membayar aset neto tersebut dengan menerbitkan beberapa wesel bayar pada tingkat harga yang telah disepakati sebesar US\$227.179.230.

37. SIGNIFICANT AGREEMENTS (continued)

Transgasindo, the Subsidiary

15. Gas Transportation Agreements (continued)

**16. Agreements Related to Grissik - Duri
Pipeline - Transgasindo**

- a. *Asset Transfer Agreement, which is covered by Notarial Deed No. 11 of Fathiah Helmi, S.H., dated March 9, 2002. Based on this agreement, the Company sold its net assets in the Central Sumatera Transmission Unit to the Transgasindo. Transgasindo paid the price of the net assets by issuing several promissory notes at the agreed price, which amounting to US\$227,179,230.*

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Transgasindo, Entitas Anak (lanjutan)

**16. Perjanjian yang Berkaitan dengan Jaringan
Pipa Grissik - Duri - Transgasindo (lanjutan)**

- b. Perjanjian Pinjam Pakai Tanah (*Borrow and Use of Land Agreement*) tanggal 9 Maret 2002, di mana Perusahaan memberikan izin kepada Transgasindo untuk menggunakan tanah yang terletak di jalur Jaringan Pipa Transmisi Grissik - Duri dan bidang tanah lainnya yang digunakan sebagai fasilitas penunjang Jaringan Pipa Transmisi Grissik - Duri demi kelangsungan kegiatan usaha penyaluran gas, tanpa pembayaran apapun.

Tanah yang dipinjam dan digunakan, kecuali Tanah Negara, masih berstatus tanah yang dikuasai dan/atau dimiliki oleh Perusahaan sampai pada saat kepemilikan dan/atau hak atas tanah tersebut diserahkan kepada Transgasindo, atau dalam hal Tanah Negara, sampai perjanjian peminjaman dan penggunaan tanah tersebut dialihkan kepada Transgasindo. Perjanjian ini berlaku selama tiga tahun atau sampai pada saat pelaksanaan penyerahan hak milik atau perjanjian pengalihan, mana yang lebih dulu, yang dapat diperpanjang sampai saat penyampaian permohonan yang tidak melebihi waktu satu bulan sebelum tanggal berakhirnya perjanjian ini.

Pada tanggal 13 September 2002, Perusahaan membuat Perubahan Perjanjian terhadap Perjanjian Pinjam Pakai Tanah (*Amendment of the Borrow and Use of Land Agreement*) dengan Transgasindo untuk memasukkan tanah, yang sertifikat tanahnya akan atau sedang diajukan oleh Perusahaan, dan Tanah Negara dengan luas sekitar 135 hektar. Setelah penyerahan semua hak atas tanah dan/atau sertifikat hak milik atas tanah (kecuali Tanah Negara), Transgasindo harus membayar harga tanah tersebut sebesar US\$5.200.000 kepada Perusahaan.

37. SIGNIFICANT AGREEMENTS (continued)

Transgasindo, the Subsidiary (continued)

**16. Agreements Related to Grissik - Duri
Pipeline - Transgasindo (continued)**

- b. *Borrow and Use of Land Agreement* dated March 9, 2002, whereby the Company granted permission to Transgasindo for the use of the plots of land located at the Grissik - Duri Transmission Pipeline route and other land used as supporting facility of the Grissik - Duri Transmission Pipeline for the purpose of continued gas transmission business activities, without any compensation.

The borrowed and used land, except the State Land, will still have the status of land acquired and/or owned by the Company until such time as the land title and/or rights is transferred to Transgasindo, or in respect of the State Land, until the borrow and use agreements are novated to Transgasindo. This agreement is valid for a term of three years or the execution of the deed of transfer of title and the novation agreement, whichever is earlier, which can be extended by submission of the application not later than one month prior to the expiration of this agreement.

On September 13, 2002, the Company entered into the Amendment of the Borrow and Use of Land Agreement with Transgasindo to include the land, where land certificates will be or is being applied by the Company, and State Land, with a scale approximately 135 hectares. Upon transfer of all titles and/or title certificates of the land (except the State Land), Transgasindo shall pay the Company the price of the land amounting to US\$5,200,000.

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Transgasindo, Entitas Anak (lanjutan)

**16. Perjanjian yang Berkaitan dengan Jaringan
Pipa Grissik - Duri - Transgasindo (lanjutan)**

Jumlah ini akan menjadi piutang dalam bentuk dan dengan penyerahan wesel bayar kepada Perusahaan sesuai dengan Perjanjian Wesel Bayar Tanah Grissik - Duri (*Grissik - Duri Land Promissory Note Agreement*). Perjanjian ini akan berakhir pada saat pelaksanaan penyerahan hak atas tanah dan perjanjian novasi. Pada tanggal 31 Desember 2006, Transgasindo telah membukukan tanah yang sertifikat tanahnya sudah atas nama Transgasindo sejumlah US\$3.485.040.

Pada tanggal 2 Juni 2004, Perusahaan membuat Perubahan Perjanjian terhadap Perjanjian Pinjam Pakai Tanah (*Amendment to Agreement on Borrow and Use of Land*) dengan Transgasindo di antaranya perubahan terhadap konsideran dengan menambah konsideran C, perubahan definisi Tanah Negara, perubahan pasal 8 mengenai jangka waktu perjanjian, perubahan pasal 9 mengenai pengakhiran perjanjian dan perubahan Lampiran A mengenai deskripsi tanah.

- c. Pada tanggal 12 November 2002, Perusahaan, Transgasindo and Transasia, mengadakan Perjanjian Pengalihan Aset (*Asset Transfer Agreement*) di mana Perusahaan akan membangun, menjual, dan menyerahkan tambahan Fasilitas Kompresor Duri untuk Jaringan Pipa Transmisi Grissik - Duri dan Jaringan Pipa Transmisi Grissik - Singapura (secara bersama-sama disebut sebagai "Aset") dengan harga pembelian sebesar US\$470.000.000 pada tanggal penyerahan, sesuai dengan syarat dan kondisi dan perjanjian lain antara Perusahaan dan pihak ketiga yang terkait dengan, dan yang diperlukan untuk, kepemilikan, operasi, pemeliharaan dan perbaikan aset.

37. SIGNIFICANT AGREEMENTS (continued)

Transgasindo, the Subsidiary (continued)

**16. Agreements Related to Grissik - Duri
Pipeline - Transgasindo (continued)**

This will be receivable in the form of and by delivering to the Company promissory notes pursuant to the Grissik - Duri Land Promissory Note Agreement. This agreement is valid up to the execution of the deed of transfer of title and the novation agreement. As of December 31, 2006, the Transgasindo has recorded the land wherein the certificates are under the Transgasindo's name totaling to US\$3,485,040.

On June 2, 2004, the Company entered into the Amendment to Agreement on Borrow and Use of Land with Transgasindo, covering among others, amendment of the recital by inserting recital C, amendment of State Land definitions, amendment of article 8 regarding term of agreement, amendment of article 9 regarding termination of the agreement and amendment of Attachment A regarding description of lot of lands.

- c. *On November 12, 2002, the Company, Transgasindo and Transasia entered into an Asset Transfer Agreement wherein the Company wishes to construct, sell, and deliver additional Duri Compression Facilities for the Grissik - Duri Pipeline and the Grissik - Singapore Pipeline (collectively referred to "Assets") at the purchase price amounting to US\$470,000,000 at the transfer date, subject to the terms and conditions and any arrangements entered into by and between the Company and third parties that relate to, and are necessary for, the ownership, operation, maintenance and repair of the assets.*

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37. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

Transgasindo, Entitas Anak (lanjutan)

**16. Perjanjian yang Berkaitan dengan Jaringan
Pipa Grissik - Duri - Transgasindo (lanjutan)**

- d. Pada tanggal 1 Desember 2011, PT Pertamina Hulu Energi Jambi Merang (PHE), Talisman (Jambi Merang) Limited (Talisman) dan Pasific Oil & Gas (Jambi Merang) Ltd. (PO&G), yang selanjutnya bersama-sama disebut sebagai JOB PTJM, Perusahaan, Transgasindo, ConocoPhillips (Grissik) Ltd. (CPGL) dan PT PLN (Persero) (PLN) menandatangani Perjanjian Swap Gas. Dalam perjanjian ini, Perusahaan dan Transgasindo setuju untuk menyalurkan gas sehubungan dengan Perjanjian Jual Beli Gas (PJBG) antara JOB PTJM dengan PLN dan CPGL dengan PT Chevron Pasific Indonesia (CPI) dari JOB PTJM ke CPI dan dari CPGL ke PLN dengan kapasitas pengaliran sesuai dengan pasokan masing-masing pihak yang terkait.

Perjanjian ini akan berlaku sampai dengan tanggal yang lebih awal dari:

- a) pembangunan dan komisioning jalur pipa lateral JOB PTJM dari fasilitas JOB PTJM di fasilitas Sungai Kenawang ke jalur pipa PGN Sumatera Selatan sampai Jawa Barat di Grissik;
- b) pengakhiran CPGL-CPI ARGSEA serta CPGL-Transgasindo Gas Transportation Agreements (GTA) tertanggal 21 Desember 2000 dan 31 Mei 2010;
- c) pengakhiran JOB PTJM-PLN Gas Sales Agreements (GSA) dan PGN-PLN ARG GTA; atau
- d) pelaksanaan hak pengakhiran kontrak oleh suatu Pihak berdasarkan ketentuan yang disepakati dalam perjanjian ini.

37. SIGNIFICANT AGREEMENTS (continued)

Transgasindo, the Subsidiary (continued)

**16. Agreements Related to Grissik - Duri
Pipeline - Transgasindo (continued)**

- d. On December 1, 2011, PT Pertamina Hulu Energi Jambi Merang (PHE), Talisman (Jambi Merang) Limited (Talisman) and Pasific Oil & Gas (Jambi Merang) Ltd. (PO&G), herein after collectively referred to as JOB PTJM, the Company, Transgasindo, ConocoPhillips (Grissik) Ltd. (CPGL) and PT PLN (Persero) (PLN) entered into a Gas Swap Agreement. In this agreement, the Company and Transgasindo agreed to transport gas related to Gas Sales Agreement (GSA) between JOB PTJM with PLN and CPGL with PT Chevron Pasific Indonesia (CPI) from JOB PTJM to CPI and from CPGL to PLN with capacity to be delivered based on the gas availability from related parties.

This agreement is valid until the earliest date of:

- a) the construction and commissioning of the JOB PTJM lateral pipeline from the JOB PTJM facilities at Sungai Kenawang to the PGN South Sumatera to West Java pipeline at Grissik;
- b) the termination of the CPGL-CPI ARGSEA and the CPGL-Transgasindo Gas Transportation Agreements (GTA) dated on December 21, 2000 and May 31, 2010;
- c) the termination of the JOB PTJM-PLN Gas Sales Agreements (GSA) and the PGN-PLN ARG GTA; or
- d) a Party's exercise of its termination rights under the term agreed by the parties in the agreement.

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Transgasindo, Entitas Anak (lanjutan)

**17. Perjanjian yang Berkaitan dengan Jaringan
Pipa Grissik - Singapura - Transgasindo**

- a. Pada tanggal 2 Juni 2004, Perusahaan mengadakan Tambahan Perjanjian terhadap Perjanjian Pengalihan Aset, pada tanggal 12 November 2002 dengan Transgasindo dan Transasia yang mengatur di antaranya pengalihan fasilitas kompresor di Duri dan pipa Grissik - Singapura pada tanggal penutupan yang sudah disepakati dan pola pembagian pendapatan antara Perusahaan dan Transgasindo sebelum tahun pengalihan aset di mana semua pihak menyetujui untuk mengubah beberapa kondisi yang terdapat dalam Perjanjian Pengalihan Aset. Kepemilikan dan semua hak atas aset telah diserahkan dari Perusahaan ke Transgasindo pada tanggal 2 Juni 2004.

Harga pembelian dibayar dalam dua tahapan. Tahap pertama sebesar US\$189.000.000 telah dibayar secara bertahap melalui *Milestone Payment*. Tahap kedua sebesar US\$281.000.000 dibayar oleh Transgasindo dengan mengeluarkan dan menyerahkan wesel bayar (Wesel Bayar Grissik - Singapura) kepada Perusahaan.

- b. Pada tanggal 12 November 2002, Perusahaan mengadakan Perjanjian Kemitraan Strategis (*Strategic Partnership Agreement* atau SPA) dengan Transgasindo, Transasia, Petronas International Corporation Ltd., Conoco Indonesia Holding Ltd., SPC Indo-Pipeline Co. Ltd., dan Talisman Transgasindo Ltd. untuk menetapkan syarat dan kondisi yang mengatur operasional dan manajemen Transgasindo dan hubungan antara pemegang saham.

37. SIGNIFICANT AGREEMENTS (continued)

Transgasindo, the Subsidiary (continued)

**17. Agreements Related to Grissik - Singapore
Pipeline - Transgasindo**

- a. On June 2, 2004, the Company entered into Supplemental Agreement to the Asset Transfer Agreement dated November 12, 2002 with Transgasindo and Transasia covering the transfer of the Duri compression facilities and Grissik - Singapore pipeline at the closing date and the terms of revenue sharing between the Company and Transgasindo prior to asset transfer date. All parties agreed to amend certain specific conditions in the Asset Transfer Agreement. The title and all rights to the assets were transferred from the Company to Transgasindo on June 2, 2004.

The purchase price is paid in two phases. The first phase amounting to US\$189,000,000 is paid in installments by Milestone Payment. The second phase amounting to US\$281,000,000 is paid by Transgasindo by executing and delivering to the Company a promissory note (Grissik - Singapore Promissory Note).

- b. On November 12, 2002, the Company entered into a Strategic Partnership Agreement (SPA) with Transgasindo, Transasia, Petronas International Corporation Ltd., Conoco Indonesia Holding Ltd., SPC Indo-Pipeline Co. Ltd., and Talisman Transgasindo Ltd. to set forth the terms and conditions which will govern the operation and management of Transgasindo and the relationship of the shareholders.

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Transgasindo, Entitas Anak (lanjutan)

**17. Perjanjian yang Berkaitan dengan Jaringan
Pipa Grissik - Singapura - Transgasindo
(lanjutan)**

Masing-masing pemegang saham setuju untuk mengambil dan membayar saham, dan memberikan pinjaman pemegang saham secara proporsional (sesuai dengan komposisi pemegang saham pada saat itu) sampai jumlah maksimum sebesar US\$144.000.000 sebagai *committed funding* untuk Jaringan Pipa Transmisi Grissik - Singapura dan menyediakan *contingent funding* dengan jumlah maksimum US\$15.000.000, jika dipandang perlu. *Committed funding* akan tersedia setelah diterimanya pemberitahuan pendanaan dari Transgasindo. Pemberitahuan tersebut harus menyatakan apakah pendanaan berupa tambahan modal atau pinjaman pemegang saham.

Selama SPA berlaku, semua penerimaan kas Transgasindo harus dimasukkan ke dalam suatu akun arus kas umum dan akan digunakan sesuai urutan prioritas seperti telah diatur dalam SPA. Apabila Transgasindo tidak mampu memenuhi kewajiban pembayarannya seperti dinyatakan dalam SPA, setiap pemegang saham akan menyediakan dana secara proporsional (sesuai komposisi pemegang saham pada saat itu) maksimum tidak melebihi US\$100.000.000 atau jumlah pokok terutang menurut Wesel Bayar Grissik - Duri dan Wesel Bayar Grissik - Singapura.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, wesel bayar tersebut belum diterbitkan.

- c. Pada tanggal 4 Desember 2002 dan 28 Januari 2003, Transgasindo mengadakan Perjanjian Pinjaman Pemegang Saham (*Shareholder Loan Agreement*) dengan Transasia.

Pada tanggal 2 Juni 2004, Perusahaan telah menyerahkannya Aset (jaringan pipa Grissik - Singapura dan fasilitas kompresor Duri). Sehubungan dengan itu, telah dibuat beberapa perjanjian penting sebagai berikut:

37. SIGNIFICANT AGREEMENTS (continued)

Transgasindo, the Subsidiary (continued)

**17. Agreements Related to Grissik - Singapore
Pipeline - Transgasindo (continued)**

Each shareholder agreed to take up and pay for the shares, and provide shareholder loans on pro rata portion (based on their current shareholding) of up to a maximum aggregate amount of US\$144,000,000 as committed funding in respect of the Grissik - Singapore Pipeline and to provide up to a maximum aggregate amount of US\$15,000,000 of contingent funding, if determined necessary. The committed funding will be made available upon receipt of the funding notice from Transgasindo. The notice shall specify whether such funding shall comprise an equity contribution or a shareholder loan.

During the course of the SPA, all cash receipts of Transgasindo shall be paid into a general cash flow account and shall be applied in the order of priority as set out in the SPA. In the event that Transgasindo is unable to fulfill any of its payment obligations as set out in the SPA, each shareholder shall provide its pro rata portion (based on its then current shareholding) of up to a maximum aggregate amount of the lesser of US\$100,000,000 or the total principal amount for the time being outstanding under the Grissik - Duri Promissory Notes and the Grissik - Singapore Promissory Notes.

Up to the completion date of this consolidated financial statements, such promissory notes have not yet been issued.

- c. *On December 4, 2002 and January 28, 2003, Transgasindo entered into the Shareholder Loan Agreement with Transasia.*

On June 2, 2004, the Company transferred Assets (Grissik - Singapore pipeline and Duri compression facilities). In relation with the transfer, Transgasindo has entered into several other significant agreements as follows:

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37. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

Transgasindo, Entitas Anak (lanjutan)

**17. Perjanjian yang Berkaitan dengan Jaringan
Pipa Grissik - Singapura - Transgasindo
(lanjutan)**

Perjanjian Pinjam Pakai Tanah (*Borrow and Use of Land Agreement*) dengan Transgasindo yang meliputi bidang tanah yang berlokasi di jalur Jaringan Pipa Transmisi Grissik-Singapura dan bidang tanah lain yang digunakan sebagai fasilitas penunjang Jaringan Pipa Transmisi Grissik-Singapura. Sampai dengan tanggal 31 Desember 2013, Transgasindo telah membukukan tanah yang sertifikat tanahnya sudah atas nama Transgasindo sejumlah US\$1.621.527.

SEI, Entitas Anak

18. Pada tanggal 19 Juli 2011, berdasarkan surat No. 20649/12/DJM.E/2011, Direktorat Jenderal Minyak dan Gas Bumi Kementerian Energi dan Sumber Daya Alam menyatakan Konsorsium PT Medco CBM Lematang - PT Methanindo Energi Resources (MER) - Perusahaan sebagai Badan Usaha Tetap dalam perusahaan Wilayah Kerja Gas Metana Batubara (GMB) Blok GMB Lematang.

Kemudian konsorsium menyampaikan surat kesanggupan melaksanakan komitmen Blok GMB Lematang dan menyampaikan bank garansi dalam menyediakan dana untuk:

- *Signature Bonus* sebesar US\$1.000.000
- Jaminan Pelaksanaan (*Performance Bond*) senilai US\$1.500.000 untuk membiayai komitmen pasti masa eksplorasi sebesar US\$4.600.000 yang terdiri dari: G&G Study, 2 (dua) *Core Hole* dan 2 (dua) Sumur eksplorasi+*Production Test*, pada 3 tahun pertama masa eksplorasi, yang berlaku sampai dengan 3 tahun setelah kontrak ditandatangani.

Kontrak ini mengatur antara lain:

- Komitmen pasti berupa G&G Study, 2 (dua) *Core Hole*, dan 2 (dua) Sumur Eksplorasi+*Production Test*, pada 3 tahun pertama masa eksplorasi,
- Menyetujui bagi hasil produksi antara Pemerintah dengan kontraktor sebesar 55%:45% (*after tax*),

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37. SIGNIFICANT AGREEMENTS (continued)

Transgasindo, the Subsidiary (continued)

**17. Agreements Related to Grissik - Singapore
Pipeline - Transgasindo (continued)**

Borrow and Use of Land Agreement with Transgasindo covering the plots of land located at the Grissik-Singapore Transmission Pipeline route and other land used as supporting facility of the Grissik-Singapore Transmission Pipeline. Up to December 31, 2013, Transgasindo has recorded the land wherein the certificates are under Transgasindo's name totaling to US\$1,621,527.

SEI, the Subsidiary

18. On July 19, 2011, based on letter No. 20649/12/DJM.E/2011, the Directorate General of Oil and Gas, Ministry of Energy and Natural Resources stated that the Consortium of PT Medco CBM Lematang - PT Methanindo Energi Resources (MER) - are Permanent Establishment Companies in developing of Methane Coal Gas (GMB) fieldwork in the Coal Bed Methane (CBM) Lematang Block.

Subsequently, the consortium has provided a letter of intent for the operation of CBM Lematang Block and submitted the bank guarantee in providing funds for:

- *Signature Bonus* amounting to US\$1,000,000
- *Performance Bond* amounting to US\$1,500,000 to finance fixed commitments for exploration phase amounting to US\$4,600,000, which consists of: G&G Study, 2 (two) *Core Hole* and 2 (two) *Exploration wells*+*Production Test*, in the first 3 years of exploration phase, which is valid until 3 years after the contract has been signed.

The contract prescribes:

- *Fixed Commitments* in the form of G&G Study, 2 (two) *Core Hole*, and 2 (two) *Exploration Wells*+*Production Test*, in first 3 years of exploration phase,
- Approve the production sharing results between Government and contractors at 55%:45% (*after tax*),

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37. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

SEI, Entitas Anak (lanjutan)

- Membayar *signature bonus* kepada Pemerintah Republik Indonesia sebesar US\$1.000.000 (satu juta Dolar Amerika Serikat),
 - Tidak mengalihkan, menjual dan memindahkan bagian *interest* atau *group interest* (konsorsium) di Blok GMB Lematang kepada pihak lain secara mayoritas (lebih besar dari 50%) selama 3 tahun pertama masa eksplorasi,
 - Dan ketentuan lain yang tercantum dalam Kontrak Kerja Sama dan Peraturan Perundang-undangan yang berlaku.
19. Pada tanggal 22 Juli 2011, telah ditandatangani Nota Kesepakatan antara PT Medco E&P Indonesia (MEPI), PT Sugico Pendragon Energi (SUGICO) dan Perusahaan mengenai kerjasama pengembangan Gas Metana Batubara (GMB). Perusahaan sepakat untuk menjadi mitra MEPI dan SUGICO pada pengembangan GMB di Blok Lematang - Petar dengan kepemilikan *participating interest* sebesar MEPI: 55%, SUGICO: 40%, dan Perusahaan: 5%.

Kerjasama tersebut dituangkan dalam suatu perjanjian tersendiri yang mengatur seluruh hak dan kewajiban para pihak.

Biaya-biaya yang terkait dengan pelaksanaan PSC GMB termasuk tetapi tidak terbatas pada *signature bonus*, bank garansi atas *signature bonus* dan *performance bond* merupakan beban dan tanggung jawab setiap pihak berdasarkan bagian *participating interest* masing-masing pihak.

Sehubungan dengan penandatanganan *Production Sharing Contract* (PSC) untuk perusahaan Gas Metana Batubara (GMB) Area Lematang - Petar Sumatera Selatan, Perusahaan pada tanggal 22 Juli 2011 dengan surat No. 021200.S/HK.02/UT/2011 telah menunjuk SEI untuk menandatangani PSC dengan Pemerintah dan untuk selanjutnya mewakili Perusahaan dalam hal kerjasama pengembangan GMB di Blok Lematang - Petar. Pada tanggal 1 Agustus 2011, SKKMIGAS, PT Medco CBM Lematang, PT Methanindo Energi Resources (MER) dan SEI telah menandatangani PSC.

37. SIGNIFICANT AGREEMENTS (continued)

SEI, the Subsidiary (continued)

- Pay the *signature bonus* to Government of the Republic of Indonesia amounting to US\$1,000,000,
 - Shall not transfer, sell and replace part or group of *interest* (consortium) in CBM Lematang Block, South Sumatera to other party at major portion (more than 50%) for the first 3 years of exploration phase,
 - And other terms stated in Joint Agreement Contract and Applicable Laws and Regulations.
19. On July 22, 2011, PT Medco E&P Indonesia (MEPI), PT Sugico Pendragon Energi (SUGICO) and the Company entered into Minutes of Understanding regarding Coal Bed Methane (CBM) development. The Company agreed to become a partner of Mitra MEPI & SUGICO to develop CBM on Lematang - Petar Block with ownership *participating interest* of MEPI: 55%, SUGICO: 40%, and Company: 5%.

The cooperation will be prepared in a separate agreement which regulates the rights and obligations of the parties.

The costs related to PSC CBM implementation include but not limited to *signature bonus*, bank guarantee for *signature bonus* and *performance bond* representing the responsibility of each parties based on their *participating interest*.

In relation with *Production Sharing Contract* (PSC) signing for Coal Bed Methane (CBM) production, Lematang - Petar Area, South Sumatera, the Company delegated SEI on July 22, 2011 with letter No. 021200.S/HK.02/UT/2011 to sign PSC with Government and act on be half of Company for CBM development cooperation in Lematang - Petar Block. On August 1, 2011, SKKMIGAS, PT Medco CBM Lematang, PT Methanindo Energi Resources (MER) and SEI have signed the PSC.

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SEI, Entitas Anak (lanjutan)

Pada tanggal 1 Januari 2013, SEI dan MER menandatangani *Deed of Assignment* untuk pengalihan *participating interest* SEI sebesar 5% kepada MER, yang akan berlaku efektif apabila mendapat persetujuan tertulis dari Pemerintah Republik Indonesia dan SKKMIGAS.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, proses mendapatkan persetujuan masih dalam proses.

20. Pada tanggal 30 November 2012, PT Saka Ketapang Perdana (SKP), Entitas Anak SEI, menandatangani Perjanjian Jual dan Beli kepemilikan *participating interest* sebesar 20% di Blok Ketapang dengan Sierra Oil Services Limited senilai US\$71.000.000. Perjanjian ini berlaku mulai tanggal 1 Januari 2012 dan akan efektif apabila perjanjian ini telah mendapatkan persetujuan dari Direktorat Jenderal Minyak dan Gas Republik Indonesia, serta Sierra Oil Services Limited telah menyerahkan Pengalihan JOA (*Joint Operating Agreement*) dan Gas Sales Agreement kepada SKP.

Pada tanggal 18 Februari 2013, SKP, Entitas Anak dari SEI, menerima surat persetujuan dari Direktorat Jenderal Minyak dan Gas Republik Indonesia mengenai pengalihan *participating interest* sebesar 20% di Blok Ketapang dari Sierra Oil Services Limited kepada SKP.

Pada tanggal 4 Maret 2013, Sierra Oil Services Limited menyerahkan *completion notice* kepada SKP dan SKP melakukan pembayaran transaksi pada tanggal 7 Maret 2013.

21. Pada tanggal 11 Maret 2013, PT Saka Bangkanai Klemantan (SBK), Entitas Anak dari SEI, menandatangani perjanjian pengalihan kepemilikan *participating interest* sebesar 30% di Blok Bangkanai dengan Salamander Energy (Bangkanai) Limited senilai US\$27.000.000. Perjanjian ini berlaku mulai tanggal 1 Januari 2013 dan akan berlaku efektif apabila telah mendapatkan persetujuan dari Menteri Energi dan Sumber Daya Mineral (ESDM) Republik Indonesia serta Salamander Energy (Bangkanai) Limited telah menyerahkan Pengalihan JOA kepada SBK.

37. SIGNIFICANT AGREEMENTS (continued)

SEI, the Subsidiary (continued)

On January 1, 2013, SEI and MER entered into *Deed of Assignment* for transferring of 5% *participating interest* to MER, and will be effective after obtaining the written approval from the Government of the Republic of Indonesia and SKKMIGAS.

Up to the completion date of the consolidated financial statements, the approval process is still in progress.

20. On November 30, 2012, PT Saka Ketapang Perdana (SKP), a Subsidiary of SEI, signed Sales and Purchase Agreement of ownership *participating interest* of 20% on Ketapang Block with Sierra Oil Services Limited amounted to US\$71,000,000. This agreement started on January 1, 2012 and will be effective after obtaining the approval form by Directorate General of Oil and Gas of the Republic of Indonesia, and also Sierra Oil Services Limited has submitted the JOA (*Joint Operating Agreement*) and Gas Sales Agreement Novation to SKP.

On February 18, 2013, SKP, a Subsidiary of SEI, received approval from the Directorate General of Oil and Gas of the Republic of Indonesia for the transfer of 20% *participating interest* on Ketapang Block from Sierra Oil Services Limited to SKP.

On March 4, 2013, Sierra Oil Services Limited submitted the completion notice to SKP and SKP paid all the transactions on March 7, 2013.

21. On March 11, 2013, PT Saka Bangkanai Klemantan (SBK), a Subsidiary of SEI, entered into the transfer agreement of *participating interest* ownership of 30% in Bangkanai Block with Salamander Energy (Bangkanai) Limited amounting to US\$27,000,000. This agreement started on January 1, 2013 and will be effective after obtaining the approval from the Ministry of Energy and Mineral Resources of the Republic of Indonesia (ESDM) and Salamander Energy (Bangkanai) Limited has submitted the JOA Novation to SBK.

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37. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

SEI, Entitas Anak (lanjutan)

Pada tanggal 31 Mei 2013, Menteri ESDM Republik Indonesia, melalui suratnya No. 6081/13/DJM.E/2013, menyetujui pengalihan *participating interest* sebesar 30% di Blok Bangkanai dari Salamander Energy (Bangkanai) Limited kepada SBK. Pada tanggal 24 Juni 2013, Salamander Energy (Bangkanai) Limited juga telah menyerahkan *completion notice* dan Perusahaan juga telah melakukan pembayaran transaksi pengalihan ini pada tanggal 26 Juni 2013.

22. Pada tanggal 12 September 2013, PT Saka Indonesia Sesulu (SIS), Entitas Anak dari SEI, menandatangani Perjanjian Jual dan Beli kepemilikan pengalihan kepemilikan dengan *participating interest* sebesar 100% di Blok South Sesulu, Kalimantan Timur dengan Hess (Indonesia-South Sesulu) Limited senilai US\$100, dimana nilai tersebut, termasuk dengan penyesuaian-penyesuaian yang terjadi pada saat tanggal penyelesaian. Perjanjian ini berlaku mulai tanggal 1 Juli 2013 dan akan efektif apabila perjanjian ini telah mendapatkan persetujuan dari Menteri Energi dan Sumber Daya Mineral (ESDM) dan SKKMIGAS.

Pada tanggal 20 Desember 2013, Menteri ESDM Republik Indonesia, melalui suratnya No. 13909/13/DJM.E/2013, menyetujui pengalihan *participating interest* sebesar 100% di Blok South Sesulu dari Hess (Indonesia-South Sesulu) Limited kepada SIS. Pada tanggal 6 Februari 2014, SKKMIGAS telah menyetujui pengalihan ini.

GEI, Entitas Anak

23. GEI harus membeli dan membayar jumlah pembelian minimum per tahun/kwartal untuk setiap PJBG di bawah ini. Perbedaan antara jumlah kuantitas pembelian dan kuantitas pembelian minimum dicatat sebagai "Make-Up Gas", yang dapat direalisasikan setiap saat jika kuantitas minimum telah diambil pada tahun/kwartal tertentu selama jangka waktu perjanjian. Saldo "Make-Up Gas" disajikan sebagai bagian dari "Uang Muka" pada laporan posisi keuangan konsolidasian.

37. SIGNIFICANT AGREEMENTS (continued)

SEI, the Subsidiary (continued)

On May 31, 2013, the Ministry of ESDM of the Republic of Indonesia, through its letter No. 6081/13/DJM.E/2013, approved the transfer of the 30% participating interest in Bangkanai Block from Salamander Energy (Bangkanai) Limited to SBK. On June 24, 2013, Salamander Energy (Bangkanai) Limited has also submitted the completion notice to SBK and the Company has paid this amount on June 26, 2013.

22. On September 12, 2013, PT Saka Indonesia Sesulu (SIS), a Subsidiary of SEI, signed Sales and Purchase Agreement of ownership 100% on South Sesulu Block, East Kalimantan with Hess (Indonesia-South Sesulu) Limited amounted to US\$100, which amount, subject to the adjustments on the completion date. This agreement started on July 1, 2013 and will be effective after obtaining the approvals from the Ministry of Energy and Mineral Resources (ESDM) and SKKMIGAS.

On December 20, 2013, the Ministry of ESDM of the Republic of Indonesia, through its letter No. 13909/13/DJM.E/2013, approved the transfer of the 100% participating interest in South Sesulu Block from Hess (Indonesia-South Sesulu) Limited to SIS. On February 6, 2014, SKKMIGAS has approved the transfer.

GEI, the Subsidiary

23. GEI is required to buy and pay for the minimum purchase quantity per year/quarter 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 has been taken or at a specified year/quarter during the period of the agreement. The outstanding balance of the "Make-Up Gas" is presented as part of "Advances" in the consolidated statements of financial position.

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37. SIGNIFICANT AGREEMENTS (continued)

GEI, Entitas Anak (lanjutan)

GEI, the Subsidiary (continued)

<u>Pemasok/ Suppliers</u>	<u>Perjanjian/ Agreements</u>	<u>Lapangan Gas/ Gas Field</u>	<u>Volume/tahun Volume/year</u>	<u>Jangka waktu/Terms Awal/Start Akhir/End</u>	
PT Nugas Trans Energy (Nugas)	PJBG	Wilayah kontrak West Madura Offshore	4,245 TBTU	1 Apr. 2012	31 Dec. 2015
PT Gresik Migas (GM)	PJBG	Wilayah kontrak West Madura Offshore	639.5 TBTU	2 Jul. 2012	31 Dec. 2015
PT Niaga Gema Teknologi (NGT)	PJBG	Wilayah kontrak West Madura Offshore	2.5560 TBTU	1 Sep. 2012	31 Dec. 2014
PT Taruko Energi (TE)	PJBG	Wilayah KKS Blok Jambi Merang	16,415 BBTU	10 Nov. 2012	9 Feb. 2019
PT Sarana Indo Energi (SIE)	PJBG	Lapangan Tambun, Bekasi	2,133,000 MMBTU	20 Nov. 2012	31 Oct. 2014
PT Kemitraan Energi Industri (KEI)	PJBG	Lapangan Tambun, Bekasi	1,095,000 MMBTU	25 Mar. 2013	31 Jan. 2016
PT Sarana Indo Energi (SIE)	PJBG	Lapangan Gas Pondok Tengah, Pondok Makmur, Pondok Berkah dan Jatinegara	3,650,000 MMBTU	1 Aug. 2013	30 Jun. 2018

24. Pada tanggal 28 Mei 2012, GEI dan PT Granary Global Energy (GGE) menandatangani Perjanjian Kerjasama Penjualan *Compressed Natural Gas* (CNG) (PKS) dengan mekanisme pemanfaatan gas bumi. GGE bertindak sebagai penyedia jasa kompresi gas bumi dan jasa transportasi CNG tersebut ke lokasi pelanggan GEI. Perjanjian ini berlaku sampai dengan 29 Mei 2017.

24. On May 28, 2012, GEI and PT Granary Global Energy (GGE) have signed an Agreement for the Sale of Compressed Natural Gas (CNG) using mechanism of natural gas utilization. GGE acting as provider of natural gas compression service and CNG transportation service to the GEI's customer location. The agreement is valid until May 29, 2017.

25. Pada tanggal 4 Oktober 2013, GEI dan PT Petross Gas (PG) menandatangani Perjanjian Kerjasama Pemanfaatan Fasilitas Kompresi Gas Bumi dimana PG setuju untuk melakukan kompresi gas bumi dan menyerahkannya kepada GEI berupa *Compressed Natural Gas* (CNG) di titik penyerahan.

25. On October 4, 2013, GEI and PT Petross Gas (PG) signed a Gas Compression Facility Agreement whereby PG agreed to compress the gas and deliver it to GEI in the form of Compressed Natural gas (CNG) at delivery point.

PGASSOL, Entitas Anak

PGASSOL, the Subsidiary

26. Pada tanggal 11 Juni 2012, PGASSOL melakukan perjanjian pada Kerja Sama Operasi (KSO) dengan PT Promatcon Tepatguna (PT) untuk pekerjaan *Engineering, Procurement and Construction* (EPC) Upgrading Stasiun Muara Bekasi, pembayaran penyeteroran pertama dengan persentase partisipasi sebesar 40%.

26. On June 11, 2012, PGASSOL has entered into Joint Operation (JO) Agreement with PT Promatcon Tepatguna (PT), for the assignment of Engineering, Procurement and Construction (EPC) Upgrading Muara Bekasi Station, with participating interest of 40%.

Pada tanggal 19 September 2012, PGASSOL melakukan perjanjian KSO PT untuk pekerjaan *Engineering, Procurement, Construction and Installation* (EPCI) untuk fasilitas produksi gas Bayan "A" di *Onshore* Tarakan dengan persentase partisipasi yang sebesar 30%.

On September 19, 2012, PGASSOL has entered into JO Agreement with PT, for the assignment of Engineering, Procurement, Construction and Installation (EPCI) for Bayan "A" gas production facilities at Onshore Tarakan with participating interest of 30%.

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37. PERJANJIAN-PERJANJIAN PENTING (lanjutan)

PGASSOL, Entitas Anak (lanjutan)

Pada tanggal 8 Juli 2013, PGASSOL dan PT melakukan amandemen perjanjian KSO untuk pekerjaan EPCI untuk fasilitas produksi gas Bayan "A", diantaranya tentang persentase partisipasi PGASSOL dari 30% menjadi 70%.

PLI, Entitas Anak

27. 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 penyelesaian laporan keuangan konsolidasian ini, PLI belum melakukan penyetoran investasi.

38. IKATAN DAN KONTINJENSI

Pada tanggal 31 Desember 2013, Perusahaan dan Transgasindo memiliki kontinjensi sebagai berikut:

1. Tanah yang terletak sepanjang 536 km jalur pipa transmisi gas dari Grissik ke Duri masih dalam proses sertifikasi. Selama proses sertifikasi tanah, terdapat suatu masalah dengan beberapa warga sekitar Tanjung Jabung, yang tanahnya dilalui jaringan pipa Grissik - Duri, di mana mereka menuntut kompensasi tambahan.

Perusahaan juga merupakan salah satu Tergugat pada Perkara No. 06/PDT.G/2001/PN.KTL yang diajukan warga sekitar Tanjung Jabung (Penggugat) pada tanggal 15 November 2001 ke Pengadilan Negeri Kuala Tungkal. Berdasarkan Putusan Pengadilan Negeri tanggal 22 April 2002, gugatan para Penggugat ditolak dan selanjutnya Penggugat mengajukan banding ke Pengadilan Tinggi Jambi. Berdasarkan Putusan Pengadilan Tinggi Jambi No. 31/PDT/2002/PT.JBI, tanggal 14 Agustus 2002, Pengadilan Tinggi Jambi menguatkan putusan Pengadilan Negeri Kuala Tungkal. Atas Putusan tersebut para Pembanding kemudian mengajukan kasasi ke Mahkamah Agung.

37. SIGNIFICANT AGREEMENTS (continued)

PGASSOL, the Subsidiary (continued)

On July 8, 2013, PGASSOL and PT amended the *Joint Operation Agreement for the assignment of EPCI for Bayan "A" gas production facilities relating to among others, the changes of PGASSOL's participating interest from 30% to become 70%.*

PLI, the Subsidiary

27. 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 completion date of the consolidated financial statements, PLI has not yet made any investments.*

38. COMMITMENTS AND CONTINGENCIES

As of December 31, 2013, the Company and Transgasindo had contingencies as follows:

1. *The land covering the area along the 536 km natural gas transmission pipeline from Grissik to Duri is still in the certification process. During the land certification process, there have been dispute with several inhabitants of the land in Tanjung Jabung used for the Grissik - Duri pipeline, where the inhabitants are claiming additional compensation.*

The Company is named as one of the Defendants in Case No. 06/PDT.G/2001/PN.KTL which was filed by some inhabitants in Tanjung Jabung (Plaintiff) on November 15, 2001 at the Kuala Tungkal District Court. Based on the decision of the Kuala Tungkal District Court dated April 22, 2002, the Plaintiff's claim was rejected, and the Plaintiff appealed to the Jambi High Court. Based on Decision No. 31/PDT/2002/PT.JBI, dated August 14, 2002, the Jambi High Court affirmed the Kuala Tungkal District Court's decision, and the Plaintiff appealed to the Supreme Court.

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38. IKATAN DAN KONTINJENSI (lanjutan)

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, perkara tersebut masih dalam pemeriksaan oleh Mahkamah Agung.

- Perusahaan mengalami perselisihan dengan salah satu kontraktornya, CRW *Joint Operation*, sebuah kerja sama operasi yang terdiri dari PT Citra Panji Manunggal, PT Remaja Bangun Kencana Kontraktor dan PT Winatek Widita berkenaan dengan adanya keputusan *Dispute Adjudication Board* (DAB) tanggal 25 November 2008, yang memutuskan bahwa CRW *Joint Operation* berhak menerima pembayaran dari Perusahaan sejumlah US\$17.298.835 yang terkait dengan pekerjaan pemasangan pipa gas yang berlokasi di Grissik - Pagardewa, berdasarkan kontrak No. 002500.PK/243/UT/2006, tanggal 28 Februari 2006, sebagaimana terakhir diubah dengan amandemen No. 002000.AMD/HK.02/UT/2008, tanggal 24 Oktober 2008. Atas Putusan DAB tersebut, Perusahaan telah mengajukan *Notice of Dissatisfaction* sehingga CRW *Joint Operation* mengajukan permohonan penyelesaian melalui *International Court of Arbitration - International Chamber of Commerce* (ICC), Singapura.

Pada tanggal 24 November 2009, ICC telah memberikan putusan atas perkara ini dengan putusan sebagai berikut:

- meminta Perusahaan untuk membayar sebesar US\$17.298.835;
- meminta Perusahaan untuk membayar biaya jasa hukum dan biaya lain-lain CRW selama proses arbitrase sebesar US\$428.009.

Pada tanggal 23 Februari 2010, Perusahaan mengajukan permohonan untuk membatalkan putusan ICC dan Perintah Pelaksanaan ICC, tertanggal 7 Januari 2010 kepada Pengadilan Tinggi Republik Singapura. Atas permohonan tersebut, pada tanggal 8 April 2010, Pengadilan Tinggi telah mengeluarkan putusan yang membatalkan Putusan Arbitrase ICC.

Terhadap putusan Pengadilan Tinggi tersebut, pada tanggal 15 April 2010, CRW *Joint Operation* mengajukan banding kepada *Court of Appeal* Republik Singapura.

**38. COMMITMENTS AND CONTINGENCIES
(continued)**

Up to the completion date of the consolidated financial statements, the case is still being examined by the Supreme Court.

- The Company is in dispute with one of its contractors, CRW Joint Operation, which consists of PT Citra Panji Manunggal, PT Remaja Bangun Kencana Kontraktor and PT Winatek Widita, relating to Dispute Adjudication Board (DAB)'s decision, dated November 25, 2008, which decided that CRW Joint Operation has a right to receive payment from the Company amounting to US\$17,298,835, in relation with gas pipeline transmission project in Grissik - Pagardewa, based on the agreement No. 002500.PK/243/UT/2006, dated February 28, 2006, which was amended with No. 002000.AMD/HK.02/UT/2008, dated October 24, 2008. Based on the DAB's decision, the Company has issued the Notice of Dissatisfaction, therefore, CRW Joint Operation has filed this case to the International Court of Arbitration - International Chamber of Commerce (ICC), Singapore.*

On November 24, 2009, ICC has rendered Arbitration Verdict as follows:

- required the Company to pay the amount of US\$17,298,835;*
- required the Company to pay CRW's law service fees and other expenses during arbitration process amounting to US\$428,009.*

On February 23, 2010, the Company has filed submissions to the High Court of Singapore to set aside the ICC Award and Order of Court to enforce ICC Award, dated January 7, 2010 to the High Court of the Republic of Singapore ("High Court"). On April 8, 2010, the High Court has rendered decision to set aside the ICC Arbitration Award.

Based on High Court's Decision, on April 15, 2010, CRW Joint Operation appealed to the Court of Appeal of the Republic of Singapore.

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38. IKATAN DAN KONTINJENSI (lanjutan)

Pada tanggal 1 Desember 2010, telah dilaksanakan hearing terkait perkara banding tersebut di Court of Appeal Republik Singapura dan pada tanggal 13 Juli 2011, Court of Appeal Republik Singapura telah mengeluarkan putusan yaitu permohonan banding ditolak dengan pembebanan biaya. Semua biaya dan pengeluaran yang terjadi sehubungan dengan arbitrase ditanggung CRW.

Selanjutnya, pada tanggal 3 November 2011, Perusahaan menerima surat dari Sekretariat ICC *International Court of Arbitration - Asia Office* tertanggal 1 November 2011 yang menginformasikan adanya pengajuan kembali *Request for Arbitration* dari CRW kepada Perusahaan melalui kuasa hukum Drew & Napier LLC melalui surat tanggal 28 Oktober 2011.

Pada tanggal 30 Desember 2011, Perusahaan melalui kuasa hukumnya telah mengajukan jawaban dan tuntutan balik (*counterclaim*) melalui ICC terhadap permohonan arbitrase yang diajukan oleh CRW. Adapun dalam tuntutan balik tersebut, Perusahaan menuntut agar Majelis Arbitrase ICC melakukan evaluasi dan merevisi kewajiban yang harus dibayar oleh Perusahaan dalam perkara Arbitrase ICC tersebut. Pada tanggal 8 Juni 2012, Perusahaan mengajukan *Statement of Defence* kepada Arbitrase ICC.

Pada tanggal 12 Oktober 2012, CRW telah mengajukan *Claimant's Application for Interim/Partial Award* kepada ICC. Atas *Claimant's Application for Interim/Partial Award* yang diajukan oleh CRW tersebut, Perusahaan telah menyampaikan *Submissions of the Respondent Against Application for Interim Award* kepada Arbitrase ICC pada tanggal 26 November 2012.

Pada tanggal 22 Mei 2013, Tribunal Arbitrase ICC telah memutuskan *Interim/Partial Award* (Putusan Sela) yang mewajibkan Perusahaan untuk membayar terlebih dahulu klaim yang diajukan oleh CRW sebesar US\$17.298.835 sebelum nantinya dianalisa ulang (dibuka kembali) dan akhirnya diputuskan di dalam *Final Award* (Putusan Final).

**38. COMMITMENTS AND CONTINGENCIES
(continued)**

On December 1, 2010, an appeal hearing related to the case was held in court of appeal of the Republic of Singapore and on July 13, 2011, the Court of Appeal of the Republic of Singapore has rendered decision that the appeal is dismissed with cost. All cost and disbursement incurred in the arbitration are to be borne by CRW.

Furthermore, on November 3, 2011, the Company received letter from Secretariat of ICC International Court of Arbitration - Asia Office dated November 1, 2011, which inform the resubmission of Request for Arbitration from CRW against the Company through legal counsel Drew & Napier LLC by a letter dated October 28, 2011.

On December 30, 2011, the Company through its legal counsel filed answer and a counterclaim on Request for Arbitration from CRW to ICC. On the counter - claim, the Company requested the ICC's Arbitral Tribunal to evaluate and revise the liability that should be paid by the Company. On June 8, 2012, the Company submitted the Statement of Defence to ICC Arbitration.

On October 12, 2012, CRW submitted the Claimant's Application for Interim/Partial Award to ICC Arbitration. Upon Claimant's Application for Interim/Partial Award which submitted by CRW, the Company submitted Submissions of the Respondent Against Application for Interim Award to ICC arbitration on November 26, 2012.

On May 22, 2013, the ICC Arbitration Tribunal has decided an Interim/Partial Award, which requires the Company to pay first the claim filed by CRW amounting to US\$17,298,835 before being re-analyzed (re-opened) and finally decided on the Final Award. Upon the issuance of the Interim Award, the Company is already applied for set aside of the Interim Award in the Singapore High Court.

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38. IKATAN DAN KONTINJENSI (lanjutan)

Atas dikeluarkannya *Interim Award* tersebut, pihak Perusahaan telah mengajukan permohonan pembatalan terhadap *Interim Award* di Pengadilan Tinggi Singapura. Pada tanggal 10 Oktober 2013, Pengadilan Tinggi Singapura telah menerbitkan putusan yang pada intinya menolak permohonan pembatalan putusan *Interim/Partial Award* yang diajukan oleh Perusahaan.

Pada tanggal 11 November 2013, Perusahaan telah mengajukan banding pada *Court of Appeal*, Singapura.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, kasus ini masih dalam pemeriksaan di *Court of Appeal*, Singapura.

3. Perusahaan dilibatkan sebagai Tergugat I dalam Perkara No. 665/PDt.G/2010/PN.Jkt.Bar tanggal 6 Oktober 2010 yang diajukan oleh PT Indosat Tbk (Penggugat) ke Pengadilan Negeri Jakarta Barat terkait dengan kerusakan fiber optik di Ruas Balamaja yang dilakukan oleh kontraktornya PT Nindya Karya (Tergugat II), PT Citra Panji Manunggal (Tergugat III) dan PT Promatcon Tepatguna (Tergugat IV). Penggugat menuntut Perusahaan dan kontraktornya untuk membayar ganti rugi sebesar Rp4.065.814.002.

Pada tanggal 26 Juli 2011, Pengadilan Negeri Jakarta Barat telah memberikan putusan atas perkara ini dengan putusan sebagai berikut: Dalam eksepsi, menyatakan Eksepsi yang diajukan oleh Tergugat I, II, III dan IV tidak dapat diterima. Dalam pokok perkara:

- Menerima gugatan Penggugat untuk sebagian;
- Menolak gugatan Penggugat untuk Tergugat I;
- Menyatakan Tergugat II, III dan IV telah melakukan perbuatan melawan hukum;
- Meminta Tergugat II, III dan IV membayar ganti rugi kepada Penggugat sebesar Rp2.020.144.161;
- Meminta Tergugat II, III, dan IV untuk membayar jasa hukum sebesar Rp581.000.

Pada tanggal 11 Januari 2012, PT Indosat Tbk mengajukan Memori Banding kepada Pengadilan Tinggi Jakarta atas Putusan Pengadilan Negeri Jakarta Barat No. 655/PDT.G/2010/PN.JKT.BAR.

**38. COMMITMENTS AND CONTINGENCIES
(continued)**

Upon the issuance of the Interim Award, the Company is already applied for set aside of the Interim Award in the Singapore High Court. On October 10, 2013, High Court Singapore has issued decision that essentially rejected set a side of Interim/Partial Award which submitted by the Company.

On November 11, 2013, the Company already submitted an appeal to the Court of Appeal, Singapore.

Up to the completion date of the consolidated financial statements, the case is still being examined by Court of Appeal, Singapore.

3. *The Company is named as one of the Defendant I in Case No. 665/PDt.G/2010/PN.Jkt.Bar, dated October 6, 2010 filed by PT Indosat Tbk (Plaintiff) to the West Jakarta District Court regarding the damage of fiber optic in Ruas Balamaja which created by its contractors PT Nindya Karya (Defendant II), PT Citra Panji Manunggal (Defendant III) and PT Promatcon Tepatguna (Defendant IV). The Plaintiff claimed the Company and its contractors to fulfill the payment of material losses in the amount of Rp4,065,814,002.*

On July 26, 2011, West Jakarta District Court has rendered its verdict as follows: In the exception, it was stated that the proposed exception by Defendants I, II, III and IV is not acceptable. In the principal case:

- *Accept part of the Plaintiff's claim;*
- *Reject the Plaintiff's claim to Defendant I;*
- *State that the Defendants II, III and IV have violated the law;*
- *Require the Defendants II, III and IV to pay the compensation to Plaintiff amounting to Rp2,020,144,161;*
- *Require the Defendants II, III and IV to pay the law service fee amounting to Rp581,000.*

On January 11, 2012, PT Indosat Tbk submitted the Memory of Appeals to Jakarta High Court on West Jakarta District Courts' Decision No. 655/PDT.G/2010/PN.JKT.BAR.

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Sampai dengan tanggal penyelesaian laporan keuangan konsolidasi, kasus ini masih dalam proses pemeriksaan di Pengadilan Tinggi Jakarta.

4. Pada tanggal 8 Oktober 2010, Perusahaan menerima surat dari Komisi Pengawas Persaingan Usaha RI (KPPU) No. 1167/AK/KTP-PL/X/2010 perihal Pemberitahuan Perkara No. 38/KPPU-L/2010. Berdasarkan surat tersebut Perusahaan ditetapkan sebagai Terlapor II karena adanya dugaan persekongkolan vertikal antara Perusahaan dengan PT Kelsri sebagai Terlapor I pada lelang *Contract Package* No. 3A Bojonegara - Cikande *Distribution Pipeline*.

Pada tanggal 7 Maret 2011, KPPU telah memberikan putusan atas perkara ini dengan putusan sebagai berikut:

- Menyatakan bahwa Terlapor I dan II terbukti secara sah melanggar Pasal 22 Undang-Undang No. 5 Tahun 1999 tentang Larangan Praktek Monopoli dan Persaingan Usaha Tidak Sehat;
- Meminta Terlapor I untuk membayar denda sebesar Rp4.000.000.000;
- Meminta Terlapor II untuk membayar denda sebesar Rp6.000.000.000.

Pada tanggal 18 April 2011, Perusahaan mengajukan upaya hukum keberatan atas putusan KPPU ke Pengadilan Negeri Jakarta Barat. Pada tanggal 26 Maret 2012, Pengadilan Negeri Jakarta Barat telah memberikan putusan menolak permohonan keberatan dari para pemohon keberatan untuk seluruhnya.

Pada tanggal 31 Mei 2013, Mahkamah Agung telah mengeluarkan putusan yang menolak permohonan kasasi yang diajukan oleh Perusahaan dan PT Kelsri.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasi, Perusahaan belum menerima salinan Putusan tersebut.

5. Pada tanggal 7 Juni 2012, Perusahaan menerima Surat Himbauan No. 015/SRP-SI/VI/12 dari firma hukum yang ditunjuk oleh M. Rimba Aritonang mengenai tuntutan atas pemakaian Hak Kekayaan Intelektual atas desain industri berupa sambungan pelindung pipa sebesar Rp100.000.000.000.

**38. COMMITMENTS AND CONTINGENCIES
(continued)**

Up to the completion date of the consolidated financial statements, this case is still being examined by the Jakarta High Court.

4. *On October 8, 2010, the Company received a letter from Commission for Supervision of Business Competition (KPPU) No. 1167/AK/KTP-PL/X/2010 on Case Announcement No. 38/KPPU-L/2010. Based on such letter, the Company is stipulated as Indicted II for the presumption of vertical collusion between the Company with PT Kelsri as Indicted I for the Contract Package No. 3A Bojonegara - Cikande Distribution Pipeline tender.*

On March 7, 2011, KPPU has rendered a verdict as follows:

- *Stated that Indicted I and II have violated legitimately Article 22 of Law No. 5 Year 1999 concerning on Prohibition against Monopolistic Practices and Unfair Business Competition;*
- *Required Indicted I to pay penalty amounting to Rp4,000,000,000;*
- *Required Indicted II to pay penalty amounting to Rp6,000,000,000.*

On April 18, 2011, the Company has filed an appeal to the District Court of West Jakarta on KPPU decision. On March 26, 2012, West Jakarta District Court has rendered its verdict to reject the whole objection from the objection applicant.

On May 31, 2013, the Supreme Court has issued a decision that rejected the appeal submitted by the Company and PT Kelsri.

Up to the completion date of the consolidated financial statements, the Company has not received a copy of the Supreme Court's decision.

5. *On June 7, 2012, the Company received Warning Letter No. 015/SRP-SI/VI/12 from a law firm hired by M. Rimba Aritonang regarding the claim of Intellectual Property Rights of industrial design protection pipe connections used amounted to Rp100,000,000,000.*

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Pada tanggal 14 November 2012, Penggugat telah mendaftarkan gugatannya kepada Panitera Pengadilan Niaga Pengadilan Negeri Jakarta Pusat dengan total nilai perkara Rp132.394.438.000.

Pada tanggal 3 April 2013, Pengadilan Niaga pada Pengadilan Negeri Jakarta Pusat telah memberikan putusan dengan No. 73/D.I/2012/PN.Niaga.Jkt.Pst atas perkara ini dengan putusan sebagai berikut:

- Mengabulkan gugatan Penggugat untuk sebagian;
- Menyatakan Tergugat telah melakukan perbuatan melawan hukum yaitu menggunakan Desain Industri Penggugat dalam kurun waktu Agustus tahun 2005 hingga tahun 2007 tanpa ijin Penggugat;
- Menghukum Tergugat untuk membayar ganti rugi pada Penggugat dengan uang sejumlah Rp180.000.000 secara tunai dan sekaligus;
- Menolak tuntutan lain dan selebihnya.

Pada bulan April dan Mei 2013, Perusahaan dan M. Rimba Aritonang mengajukan Memori Kasasi kepada Mahkamah Agung atas Putusan Pengadilan Niaga Pengadilan Negeri Jakarta Pusat.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, perkara ini masih dalam proses pemeriksaan oleh Mahkamah Agung.

6. Perusahaan dilibatkan sebagai Turut Tergugat I dalam perkara No. 01/Pdt.G/2013/PN.BU, tanggal 18 Maret 2013 di Pengadilan Negeri Blambangan Umupu, Lampung mengenai sengketa tanah seluas 4.650 Ha dengan nilai gugatan sebesar Rp487.500.000 yang terletak Kecamatan Negeri Besar, Kabupaten Way Kanan, Lampung. Gugatan ini diajukan oleh Riadi Masmuhammad selaku Penggugat kepada Drs. Hj. Raden Intan GLR, Jaya Saputra dan Hj. Sarbini selaku Tergugat I, II dan III dan Perusahaan selaku Turut Tergugat I dan panitia pengadaan tanah selaku Turut Tergugat II.

Pada tanggal 9 Oktober 2013, pihak Pengadilan Negeri Blambangan Umpu telah mengeluarkan keputusan bahwa atas kasus ini kedua belah pihak dinyatakan damai.

**38. COMMITMENTS AND CONTINGENCIES
(continued)**

On November 14, 2012, the Plaintiff already registered the claim to Panitera Pengadilan Niaga Central Jakarta District Court with total claim amounting to Rp132,394,438,000.

On April 3, 2013, the Commercial Court of Central Jakarta District Court has given the verdict No. 73/D.I/2012/PN.Niaga.Jkt.Pst of this case with the following decisions:

- *To grant the Plaintiff's claim in part;*
- *Declare that the Defendant has committed an unlawful act that is using the Plaintiff's Industrial Design during the period August 2005 to the year 2007 without a permit from the Plaintiff;*
- *Punish the Defendant to pay the Plaintiff damages in the amount of money in cash and at the same time amounting to Rp180,000,000;*
- *Rejected other claims and the rest.*

In April and May, 2013, the Company and M. Rimba Aritonang submitted Memory of Cassation to the Supreme Court for the Commercial Court of Central Jakarta District Court.

Up to the completion date of the consolidated financial statements, the case is still being examined by the Supreme Court.

6. *The Company is named as one of the Co-defendant I in Case No. 01/Pdt.G/2013/PN.BU, dated March 18, 2013, filed to the Blambangan Umpu District Court, Lampung, regarding dispute of 4,650 Ha land's ownership located in Kecamatan Negeri Besar, Kabupaten Way Kanan, Lampung, with claim amount of Rp487,500,000. This claim was filed by Riadi Masmuhammad as the Plaintiff for Drs. Hj. Raden Intan GLR, Jaya Saputra and Hj. Sarbini as Defendants I, II and III and the Company as Co-defendant I and committee of land procurement as Co-defendant II.*

On October 9, 2013, the Blambangan Umpu District Court has issued a decision for that both parties has settled this case amicably.

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7. Perusahaan dilibatkan sebagai Tergugat III dalam perkara No. 599/Pdt-6/2013/PN.Mdn, tanggal 18 Oktober 2013 di Pengadilan Negeri Medan, mengenai kepemilikan tanah seluas 6.045m² yang terletak di Jl. Yos Sudarso, Glugur Kota, Kecamatan Medan Barat, Medan. Gugatan ini diajukan oleh PT Perusahaan Listrik Negara (Persero) (PLN) Unit Induk Pembangunan I Medan selaku penggugat kepada T.M Chalfoon Alrasyid selaku Tergugat I, Ananda Kumar selaku Tergugat II dan Perusahaan selaku Tergugat III.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, perkara ini masih dalam pemeriksaan oleh Pengadilan Negeri Medan.

8. Perusahaan dilibatkan sebagai Turut Tergugat II dalam perkara No. 545/Pdt-6.B/2013/PN.JKT.PS, tanggal 3 Desember 2013 di Pengadilan Negeri Jakarta Pusat mengenai masih adanya kewajiban pembayaran sewa alat berat dalam pelaksanaan proyek pembangunan pipa perusahaan jalur Grissik-Pagardewa dengan nilai gugatan sebesar €595.828. Gugatan ini diajukan oleh PT Maats Pipeline Equipment (MPE) selaku Penggugat kepada PT Remaja Bangun Kencana (Rabana) selaku Tergugat I, PT Winatek Widita selaku Tergugat II, PT Citra Panji Manunggal (CPM) selaku Turut Tergugat I dan Perusahaan sebagai Turut Tergugat II.

Berdasarkan surat Penggugat tanggal 23 Januari 2014 perihal pencabutan gugatan oleh Penggugat, pada tanggal 20 Februari 2014, Majelis Hakim Pengadilan Negeri Jakarta Pusat menetapkan perkara ini dinyatakan selesai.

**38. COMMITMENTS AND CONTINGENCIES
(continued)**

7. The Company is named as one of Defendant III in case No. 599/Pdt-6/2013/PN.Mdn, dated October 18, 2013, filed to the Medan District Court, regarding dispute of 6,045m² land's ownership located in Jl. Yos Sudarso, Glugur Kota, Kecamatan Medan Barat, Medan. This claim was filed by PT Perusahaan Listrik Negara (Persero) (PLN) Unit Induk Pembangunan I Medan as the Plaintiff for T.M Chalfoon Alrasyid as Defendant I, Ananda Kumar as Defendant II and the Company as Defendant III.

Up to the completion date of the consolidated financial statements, the case is still being examined by the Medan District Court.

8. The Company is named as one of the Co-defendant II in case No. 545/Pdt-6.B/2013/PN.JKT.PS, dated December 3, 2013 in Central Jakarta District Court regarding the persistence of heavy equipment lease payment obligations in the implementation of development project of the Company's pipeline Grissik-Pagardewa line, with claim amount of €595,828. This claim was filed by PT Maats Pipeline Equipment (MPE) as the Plaintiff for PT Remaja Bangun Kencana (Rabana) as Defendant I, PT Winatek Widita as Defendant II, PT Citra Panji Manunggal (CPM) as Co-Defendant I and the Company as Co-Defendant II.

Based on the Plaintiff letter, dated January 23, 2014, regarding revocation of Plaintiff's claim, on February 20, 2014., the Judges of Central Jakarta District Court decided to close the case.

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Pada tanggal 19 Maret 2014, MPE mengajukan kembali gugatan pada Pengadilan Negeri Jakarta Barat dalam perkara No. 127/Pdt.G/2014/PN.Jkt.Bar dengan PT Remaja Bangun Kencana sebagai Tergugat I, PT Winatek Widita sebagai Tergugat II, PT Citra Panji Manunggal sebagai Turut Tergugat I dan Perusahaan sebagai Turut Tergugat II. Adapun nilai gugatan yang diklaim oleh Penggugat untuk dibayar Perusahaan adalah Rp281.509.773 per bulan.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, perkara ini masih dalam pemeriksaan oleh Pengadilan Negeri Jakarta Barat.

9. Perusahaan dilibatkan sebagai Penggugat Intervensi II terkait dengan gugatan yang diajukan oleh Kamar Dagang dan Industri (Kadin) Kota Batam sehubungan dengan penerbitan Surat Keputusan Menteri Kehutanan Republik Indonesia No. 463/Menhut-II/2013, tanggal 27 Juni 2013 mengenai perubahan peruntukan lahan yang semula dari kawasan non hutan menjadi kawasan hutan yang menjadikan status beberapa lahan di Provinsi Batam tidak jelas statusnya termasuk lahan yang dilalui oleh pipa Perusahaan.

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, perkara ini masih dalam pemeriksaan oleh Pengadilan Tata Usaha Negara Tanjung Pinang.

**38. COMMITMENTS AND CONTINGENCIES
(continued)**

On March 19, 2014, MPE again filed a claim in the West Jakarta District Court with case No. 127/Pdt.G/2014/PN.Jkt.Bar, against PT Remaja Bangun Kencana as Defendant I, PT Winatek Widita as Defendant II, PT Citra Panji Manunggal as Co-defendant I and the Company as Co-defendant II. The amount claimed by the Plaintiff to the Company amounted to Rp281,509,773 per month.

Up to the completion date of the consolidated financial statements, the case is still being examined by the West Jakarta District Court.

9. *The Company is involved as Plaintiff Intervention II related to a lawsuit filed by the Chamber of Commerce and Industry (Kadin) Batam in connection with the issuance of the Decree of the Minister of Forestry of the Republic of Indonesia No. 463/Menhut-II/2013, dated June 27, 2013 regarding the change of land status from the non-forested areas into forested areas which makes the status of some land in Batam Province became unclear including the land used by the Company's pipeline.*

Up to the completion date of the consolidated financial statements, the case is still being examined by the Tanjung Pinang Administrative Court.

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38. IKATAN DAN KONTINJENSI (lanjutan)

10. Transgasindo sedang dalam sengketa dengan salah satu kontraktornya, PT Global Industries Asia Pasific (GIAP) dalam kaitannya dengan kontrak No. ISVC 008260 dengan jumlah klaim sebesar US\$18.772.656 untuk EPCC Proyek Perbaikan Pipa Bawah Laut (*Offshore Pipeline Repair Project*). Pada tanggal 24 November 2011, GIAP telah mengajukan *Statement of Case* ke Arbitrase Internasional di Singapura sedangkan pada tanggal 2 Maret 2012, Transgasindo telah mengajukan *Statement of Defense* ke Arbitrase Internasional di Singapura.

Pada tanggal 4 Mei 2012, GIAP juga telah mengajukan *Statement of Defense* to *Counterclaim the Statement of Defense* dari Transgasindo. Pada tanggal 26 September 2012, Transgasindo dan GIAP telah menyetujui persetujuan final atas tuntutan GIAP dengan pihak Transgasindo setuju untuk membayar sebesar US\$6,9 juta. Pada tanggal 18 Oktober 2012, *Consent Award* telah ditandatangani oleh Transgasindo dan GIAP dan telah disetujui oleh Tribunal tanggal 24 Oktober 2012.

Pada tanggal 12 Desember 2012, Transgasindo telah melakukan pembayaran US\$6,9 juta kepada pihak GIAP.

Manajemen dan konsultan hukum Kelompok Usaha berkeyakinan bahwa kasus-kasus tersebut di atas secara sendiri-sendiri atau bersama-sama tidak akan mempunyai pengaruh yang material terhadap kondisi keuangan dan hasil operasinya. Manajemen berkeyakinan bahwa Kelompok Usaha dapat memenangkan perkara-perkara tersebut.

Pada tanggal 31 Desember 2013, Perusahaan memiliki ikatan sebagai berikut:

11. Pada tanggal 31 Desember 2013, Perusahaan masih memiliki fasilitas pinjaman yang masih belum digunakan sesuai dengan perjanjian penerusan pinjaman yang dibiayai oleh JBIC sebesar JPY549.637.864.

**38. COMMITMENTS AND CONTINGENCIES
(continued)**

10. *Transgasindo is in dispute with one of its contractor, PT Global Industries Asia Pasific (GIAP) in relation to the contract No. ISVC 008260 with total claim amounting to US\$18,772,656 for EPCC of Offshore Pipeline Repair Project. On November 24, 2011, GIAP has already submitted Statement of Case to International Arbitration in Singapore, while on March 2, 2012, Transgasindo has already submitted Statement of Defense to the International Arbitration in Singapore.*

On May 4, 2012, GIAP has already submitted Statement of Defense to Counterclaim the Statement of Defense from Transgasindo. On September 26, 2012, Transgasindo and GIAP agreed the final settlement of GIAP's claim with Transgasindo agreed to pay amounting to US\$6.9 million. On October 18, 2012, Consent Award has been signed by Transgasindo and GIAP and agreed by Tribunal on October 24, 2012.

On December 12, 2012, Transgasindo has paid US\$6.9 million to GIAP.

The management of the Group and their legal counsels believe that the above mentioned cases individually or in the aggregate will not have any material adverse effects on the financial condition or results of operations. The management believes that the Group can win these cases.

As of December 31, 2013, the Company had commitments as follows:

11. *As of December 31, 2013, the Company has an available loan facilities not yet drawn under the subsidiary loan agreements financed by JBIC amounting to JPY549,637,864.*

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12. Pada tanggal 6 Mei 2013, Perusahaan mengubah perjanjian fasilitas bank yang diperoleh dari The Hongkong and Shanghai Banking Corporation Ltd., Jakarta, pada tanggal 25 September 2007. Perjanjian ini merupakan fasilitas umum bank yang terdiri dari fasilitas impor dan guarantee facility dengan batas maksimum gabungan sebesar US\$40.000.000. Fasilitas ini juga dapat digunakan oleh GEI dan PGASSOL, Entitas Anak, dengan total pemakaian tidak melebihi US\$30.000.000.

Fasilitas ini telah jatuh tempo pada tanggal 30 Juni 2013. Di samping itu, Perusahaan juga wajib memelihara rasio kemampuan membayar utang minimum 1,3 kali dan rasio utang terhadap kekayaan neto maksimum sebesar 2,33 kali. Pada tanggal 31 Desember 2013, fasilitas ini belum digunakan. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, perpanjangan perjanjian fasilitas ini masih dalam proses.

13. Pada tanggal 20 September 2013, Perusahaan memperpanjang perjanjian fasilitas *Non Cash Loan* yang terdiri dari *Standby Letter of Credit* (SBLC), Bank Garansi, SKBDN dan L/C Impor yang diperoleh dari PT Bank Mandiri (Persero) Tbk dengan maksimum nilai plafon sebesar US\$200.000.000. Fasilitas ini akan jatuh tempo pada tanggal 26 Agustus 2014. Di samping itu, Perusahaan juga wajib memelihara rasio kemampuan membayar utang minimum 130% dan rasio utang terhadap modal maksimum sebesar 300%. Pada tanggal 31 Desember 2013, fasilitas yang belum digunakan sebesar US\$75.995.892.

**38. COMMITMENTS AND CONTINGENCIES
(continued)**

12. On May 6, 2013, the Company amended the banking facilities agreement obtained from The Hongkong and Shanghai Banking Corporation Ltd., Jakarta, on September 25, 2007. This agreement represents general banking facilities which consist of import facility and guarantee facility with total combined limit of US\$40,000,000. This facility also can be used by GEI and PGASSOL, Subsidiaries, with total usage not more than US\$30,000,000.

All the facilities have expired on June 30, 2013. Furthermore, the Company shall also maintain debt service ratio at a minimum of 1.3 times and debt to equity ratio at a maximum of 2.33 times. As of December 31, 2013, this facility has not been used. Up to the completion date of the consolidated financial statements, the extension of this facilities agreement is still in process.

13. On September 20, 2013, the Company extended the Non Cash Loan facility agreement which consist of Standby Letter of Credit (SBLC), Guarantee Bank, SKBDN and L/C Import, obtained from PT Bank Mandiri (Persero) Tbk with a maximum limit of US\$200,000,000. The facility will mature on August 26, 2014. Furthermore, the Company shall also maintain debt service ratio at minimum of 130% and debt to equity ratio at maximum of 300%. As of December 31, 2013, the facility which has not been used amounted to US\$75,995,892.

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14. Pada tanggal 27 Februari 2013, Perusahaan mengubah *Corporate Facility Agreement* dengan PT ANZ Panin Bank (Bank ANZ). Bank ANZ akan menyediakan fasilitas *Payment Guarantee* dengan maksimum nilai plafon baru sebesar US\$100.000.000 dari nilai plafon lama sebesar US\$75.000.000. Fasilitas ini akan jatuh tempo pada tanggal 28 Februari 2014. Pada tanggal 2 Mei 2013, Perusahaan dengan Bank ANZ melakukan amandemen *Corporate Facility Agreement* dengan jumlah maksimum fasilitas sebesar US\$200.000.000 dengan ketentuan penggunaan keseluruhan dari semua jenis bank garansi (jaminan pembayaran, jaminan pembayaran uang muka, jaminan penawaran, jaminan pelaksanaan dan jaminan pemeliharaan) setiap saat tidak akan melebihi US\$100.000.000 dan penggunaan keseluruhan fasilitas pembiayaan modal kerja jangka pendek setiap saat tidak akan melebihi US\$100.000.000. Jangka waktu fasilitas pembiayaan modal kerja jangka pendek minimum 2 (dua) bulan dan maksimum 6 (enam) bulan. Pada tanggal 31 Desember 2013, fasilitas *payment guarantee* yang belum digunakan sebesar US\$41.853.468 dan untuk fasilitas pembiayaan modal kerja jangka pendek belum digunakan.
15. Pada tanggal 19 Desember 2012, Perusahaan mendapatkan fasilitas *Non Cash Loan* (NCL) yang diperoleh dari PT Bank Negara Indonesia (Persero) Tbk yang terdiri dari *Standby Letter of Credit* (SBLC), *Bank Guarantee*, *Letter of Credit* (L/C) dan SKBDN, dengan maksimum nilai plafon sebesar US\$140.000.000. Pada tanggal 27 Januari 2014, fasilitas tersebut diperpanjang sampai dengan 18 Desember 2014. Di samping itu Perusahaan juga wajib memelihara *current ratio* tidak kurang dari 1 kali, *debt to equity ratio* maksimal 3 kali dan EBITDA terhadap *interest* tidak kurang dari 200%. Pada tanggal 31 Desember 2013, fasilitas yang belum digunakan sebesar US\$122.193.671.

**38. COMMITMENTS AND CONTINGENCIES
(continued)**

14. On February 27, 2013, the Company amended *Corporate Facility Agreement* with PT ANZ Panin Bank (Bank ANZ). Bank ANZ will provide *Payment Guarantee* with a new maximum limit of US\$100,000,000 from the previous maximum limit of US\$75,000,000. The facility will expire on February 28, 2014. On May 2, 2013, the Company and Bank ANZ amended *Corporate Facility Agreement* with maximum aggregate facility in the amount of US\$200,000,000, whereby total utilization of all type of bank guarantee (*payment guarantee, advance payment bond, bid bond, performance bond and retention bond*) at any time shall not exceed US\$100,000,000 and total utilization of uncommitted short-term working capital facility at any time shall not exceed US\$100,000,000. Facility term for financing short-term working capital minimum 2 (two) months and a maximum of 6 (six) months. On December 31, 2013, a *payment guarantee* facility that has not been used amounted to US\$41,853,468 and for the short-term working capital facility has not been used.
15. On December 19, 2012, the Company obtained *Non Cash Loan* (NCL) facility from PT Bank Negara Indonesia (Persero) Tbk which consists of *Standby Letter of Credit* (SBLC), *Bank Guarantee*, *Letter of Credit* (L/C) and SKBDN with a maximum limit of US\$140,000,000. On January 27, 2014, this facility is extended up to December 18, 2014. Furthermore, the Company shall also maintain *current ratio* not less than 1 time, *debt to equity ratio* at a maximum 3 times and EBITDA to *interest* not less than 200%. As of December 31, 2013, the facility that has not been used amounting to US\$122,193,671.

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38. IKATAN DAN KONTINJENSI (lanjutan)

16. Pada tanggal 11 Juni 2012, Perusahaan dengan PT Bank Rakyat Indonesia (Persero) Tbk (BRI) menandatangani amandemen perjanjian kredit tanggal 29 Maret 2011 dengan perubahan penambahan nilai plafon atas fasilitas *Standby Letter of Credit* (SBLC)/Fasilitas Bank Garansi (merupakan *sub limit* fasilitas SBLC)/ Penangguhan Jaminan Impor (PJI) menjadi US\$210.000.000. Pada tanggal 5 April 2013, Perusahaan dengan BRI menandatangani adendum perjanjian kredit dengan perubahan penambahan nilai plafon atas fasilitas *Standby Letter of Credit* (SBLC)/Fasilitas Bank Garansi (merupakan *sub limit* fasilitas SBLC)/ Penangguhan Jaminan Impor (PJI) menjadi US\$260.000.000. Fasilitas ini akan jatuh tempo pada tanggal 2 April 2014. Pada tanggal 31 Desember 2013, fasilitas yang belum digunakan sebesar US\$25.472.560. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, perpanjangan fasilitas ini masih dalam proses.
17. Pada tanggal 20 Desember 2013, SEI menandatangani perjanjian *escrow account* dengan Korea Exchange Bank, Pyeongchon Branch, Korea dan KNOC Sumatera Ltd. dalam rangka pembelian 8,91% *participating interest* di South East Sumatera PSC (Catatan 10 dan 45).
18. Perusahaan mempunyai ikatan pengeluaran modal sehubungan dengan konstruksi dan pengembangan Proyek Transmisi dan Distribusi Gas yang telah diikat dengan perjanjian kontrak (Catatan 7, 8 dan 37).
19. Perusahaan mempunyai ikatan pembelian sesuai dengan Perjanjian Pembelian Gas (Catatan 37.1) dan ikatan penjualan dengan pelanggan sesuai dengan Perjanjian Jual Beli Gas.

39. LIABILITAS PEMBONGKARAN ASET DAN RESTORASI AREA DAN PROVISI LAIN-LAIN

Mutasi liabilitas restorasi dan pembongkaran aset adalah sebagai berikut :

	2013
Saldo awal	-
Penambahan tahun berjalan	14.644.646
Pembalikan dari efek diskonto	(674.436)
Saldo akhir	13.970.210
Rekening yang dicadangkan	(5.607.742)
Saldo akhir, neto	8.362.468

**38. COMMITMENTS AND CONTINGENCIES
(continued)**

16. On June 11, 2012, the Company and PT Bank Rakyat Indonesia (Persero) Tbk (BRI) signed amendment of credit agreement, on March 29, 2011, with changes in additional amount of maximum limit of *Standby Letter of Credit* (SBLC)/Bank Guarantee Facility (a sub limit of SBLC Facility)/the guarantees of the suspension of import (PJI) to become US\$210,000,000. On April 5, 2013, the Company and BRI signed amendment of credit agreement with changes in additional amount of maximum limit of *Standby Letter of Credit* (SBLC)/Bank Guarantee Facility (a sub limit of SBLC Facility)/the guarantees of the suspension of import (PJI) to become US\$260,000,000. This facility will mature on April 2, 2014. As of December 31, 2013, the unused facility amounted to US\$25,472,560. Up to the completion date of the consolidated financial statements, the extension of this facilities agreement is still in process.
17. On December 20, 2013, SEI entered into *escrow account* agreement with Korea Exchange Bank, Pyeongchon Branch, Korea and KNOC Sumatera Ltd. for purchasing 8.91% *participating interest* in South Sumatera PSC (Notes 10 and 45).
18. The Company has capital expenditure commitments relating to the development and construction of Gas Transmission and Distribution Projects, which have been committed under the related contractual agreements (Notes 7, 8 and 37).
19. The Company has purchase commitments under Gas Purchase Agreements (Note 37.1) and sales commitments with customers under Gas Sales and Purchase Agreements.

39. ASSET ABANDONMENT AND SITE RESTORATION OBLIGATIONS AND OTHER PROVISIONS

The movement in site restoration and abandonment obligations are presented below :

Beginning balance
Addition during the year
Unwinding the effect of discounting
Ending balance
Escrow account
Ending balance, net

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39. LIABILITAS PEMBONGKARAN ASET DAN RESTORASI AREA DAN PROVISI LAIN-LAIN (lanjutan)

Estimasi terkini untuk biaya pembongkaran aset dan restorasi area yang ditinggalkan tidak dihitung oleh konsultan independen, tetapi dilakukan oleh pihak manajemen. Manajemen berkeyakinan bahwa akumulasi penyisihan pada tanggal laporan posisi keuangan konsolidasian telah cukup untuk menutup semua liabilitas yang timbul dari kegiatan restorasi area dan pembongkaran aset.

Rekening yang dicadangkan di atas ditempatkan di PT Bank Mandiri (Persero) Tbk untuk mendanai liabilitas pembongkaran aset dan restorasi area sehubungan dengan operasi minyak dan gas.

Tingkat suku bunga diskonto yang dipergunakan dalam perhitungan pada tanggal 31 Desember 2013 adalah sebesar 5,96%.

40. LABA PER SAHAM

Berikut ini adalah rekonsiliasi faktor-faktor penentu perhitungan laba per saham:

39. ASSET ABANDONMENT AND SITE RESTORATION OBLIGATIONS AND OTHER PROVISIONS (continued)

The current estimates for the asset abandonment and site restoration obligations were determined by management, not by an independent consultant. Management believes that the accumulated provisions as of the dates of the consolidated statements of financial position are sufficient to meet the environmental obligations resulting from future site restoration and asset abandonment.

The above escrow accounts are placed in PT Bank Mandiri (Persero) Tbk for the funding of abandonment and site restoration obligations relating to oil and gas operations.

The discount rate of 5.96% was used in the calculation of the position as of December 31, 2013.

40. EARNINGS PER SHARE

The following presents the reconciliation of the numerators and denominators used in the computation of earnings per share:

		2013			
	Laba Tahun Berjalan Yang Dapat Diatribusikan Kepada Pemilik Entitas Induk/ <i>Profit for the Year Attributable to Owners of the Parent Entity</i>	Rata-rata Tertimbang Saham Biasa yang beredar/ <i>Weighted-Average Number of Ordinary Shares Outstanding</i>	Jumlah Laba per Saham/ <i>Earnings per Share Amount</i>		
Dasar	860.533.234	24.239.658.196	0,04		Basic
2012					
	Laba Tahun Berjalan Yang Dapat Diatribusikan Kepada Pemilik Entitas Induk/ <i>Profit for the Year Attributable to Owners of the Parent Entity</i>	Rata-rata Tertimbang Saham Biasa yang beredar/ <i>Weighted-Average Number of Ordinary Shares Outstanding</i>	Jumlah Laba per Saham/ <i>Earnings per Share Amount</i>		
Dasar	890.885.456	24.239.658.196	0,04		Basic

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40. LABA PER SAHAM (lanjutan)

40. EARNINGS PER SHARE (continued)

	2011		
Laba Tahun Berjalan Yang Dapat Diatribusikan Kepada Pemilik Entitas Induk/ <i>Profit for the Year Attributable to Owners of the Parent Entity</i>	Rata-rata Tertimbang Saham Biasa yang beredar/ <i>Weighted-Average Number of Ordinary Shares Outstanding</i>	Jumlah Laba per Saham/ <i>Earnings per Share Amount</i>	
Dasar	680.804.733	24.239.658.196	0.03
			<i>Basic</i>

Laba per saham dilusian adalah sama dengan laba per saham dasar karena Perusahaan tidak memiliki efek berpotensi dilutif.

Diluted earnings per share is the same as the basic earnings per share since the Company does not have potential dilutive securities.

41. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO KEUANGAN

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

MANAJEMEN RISIKO

RISK MANAGEMENT

Liabilitas keuangan utama Kelompok Usaha meliputi utang usaha dan lain-lain, liabilitas yang masih harus dibayar dan pinjaman jangka panjang. Tujuan utama dari liabilitas keuangan ini adalah untuk mengumpulkan dana untuk operasi Kelompok Usaha. Kelompok Usaha juga mempunyai berbagai aset keuangan seperti kas dan setara kas dan piutang usaha, yang dihasilkan langsung dari kegiatan usahanya.

The principal financial liabilities of the Group consist of trade and other payables, accrued liabilities and long-term loans. The main purpose of these financial liabilities is to raise funds for the operations of the Group. The Group also has various financial assets such as cash and cash equivalents and trade receivables, which arised directly from their operations.

Bisnis Kelompok Usaha mencakup aktivitas pengambilan risiko dengan sasaran tertentu dengan pengelolaan yang profesional. Fungsi utama dari manajemen risiko Kelompok Usaha adalah untuk mengidentifikasi seluruh risiko kunci, mengukur risiko-risiko ini dan mengelola posisi risiko. Kelompok Usaha secara rutin menelaah kebijakan dan sistem manajemen risiko untuk menyesuaikan dengan perubahan di pasar, produk dan praktek pasar terbaik.

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.

Tujuan Kelompok Usaha dalam mengelola risiko keuangan adalah untuk mencapai keseimbangan yang sesuai antara risiko dan tingkat pengembalian dan meminimalisasi potensi efek memburuknya kinerja keuangan Kelompok Usaha.

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.

Kelompok Usaha mendefinisikan risiko keuangan sebagai kemungkinan kerugian atau laba yang hilang, yang disebabkan oleh faktor internal dan eksternal yang berpotensi negatif terhadap pencapaian tujuan Kelompok Usaha.

The Group defines financial risk as the possibility of losses or profits foregone, which may be caused by internal or external factors which might have negative potential impact to the achievement of the Group's objectives.

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**41. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

MANAJEMEN RISIKO (lanjutan)

Direksi menyediakan kebijakan tertulis manajemen risiko secara keseluruhan, termasuk kebijakan tertulis untuk area khusus, seperti risiko nilai tukar mata uang, risiko tingkat bunga, risiko harga, risiko kredit, risiko likuiditas penggunaan instrumen keuangan derivatif dan non-derivatif. Kelompok Usaha 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 Kelompok Usaha.

Manajemen risiko dilaksanakan oleh Komite Manajemen Risiko dengan kebijakan-kebijakan yang disetujui oleh Dewan Direksi. Kelompok Usaha mengidentifikasi, mengevaluasi dan melakukan aktivitas lindung nilai secara ekonomis atas risiko keuangan. Dewan Direksi menyediakan kebijakan tertulis manajemen risiko secara keseluruhan, termasuk kebijakan tertulis untuk area khusus, seperti risiko nilai tukar mata uang, risiko suku bunga, risiko kredit, risiko likuiditas, penggunaan instrumen keuangan derivatif dan non-derivatif.

Risiko yang berasal dari instrumen keuangan Kelompok Usaha adalah 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 Kelompok Usaha gagal memenuhi kewajiban kontraktualnya kepada Kelompok Usaha. Risiko kredit terutama berasal dari piutang usaha yang diberikan kepada pelanggan dari penjualan gas.

(i) Pengukuran risiko kredit

Estimasi terhadap eksposur kredit adalah proses yang kompleks dan memerlukan penggunaan model, dimana nilai dari suatu produk bervariasi tergantung dengan perubahan pada variabel-variabel pasar, arus kas masa depan dan rentang waktu.

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**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

RISK MANAGEMENT (continued)

The Directors provide written policies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, price 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 of Directors 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, liquidity risk, use of derivative financial instruments and non-derivative financial instruments.

The risks arising from financial instruments to which the Group is exposed are financial risks, which include credit risk, market risk and liquidity risk.

a. Credit Risk

Credit risk is the risk of suffering financial loss, when the Group's customers fail to fulfill their contractual obligations to the Group. Credit risk arises mainly from trade receivables from the sale of gas to customers.

(i) Credit risk measurement

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time.

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**41. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

MANAJEMEN RISIKO (lanjutan)

a. Risiko Kredit (lanjutan)

(i) Pengukuran risiko kredit (lanjutan)

Kelompok Usaha telah mengembangkan model untuk mendukung kuantifikasi dari risiko kredit. Dalam mengukur risiko kredit untuk piutang yang diberikan, Kelompok Usaha 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 Kelompok Usaha 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

Jaminan

Kelompok Usaha menerapkan berbagai kebijakan dan praktik untuk memitigasi risiko kredit. Praktik yang umum dilakukan adalah dengan meminta jaminan dalam bentuk (kas atau *standby* L/C senilai dua bulan pemakaian gas).

(iii) Penurunan nilai dan kebijakan pencadangan

Cadangan penurunan nilai yang diakui pada pelaporan keuangan hanyalah kerugian yang telah terjadi pada tanggal laporan keuangan konsolidasian (berdasarkan bukti obyektif atas penurunan nilai).

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

RISK MANAGEMENT (continued)

a. Credit Risk (continued)

(i) Credit risk measurement (continued)

The Group has developed models to support the quantification of the credit risk. In measuring credit risk of receivables, the Group considers the "Probability of Default" (PD) by the customers on its obligations and the likely recovery ratio on the defaulted obligations (*Loss Given Default*) (LGD). The models are reviewed regularly to compare to actual results.

LGD represents the Group's expectation of the extent of loss on a receivable should default occur. It is expressed as percentage loss per unit of exposure. LGD typically varies by the type of customers.

(ii) Risk limit control and mitigation policies

Deposits

The Group implements a range of policies and practices to mitigate credit risk. The most common practice of these is the taking of deposits in form of (cash or *standby* L/C equivalent to two months gas usage).

(iii) Impairment and provisioning policies

Impairment allowances are recognized for financial reporting purposes only for losses that have been incurred at the date of the consolidated financial statements (based on objective evidence of impairment).

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**41. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

MANAJEMEN RISIKO (lanjutan)

a. Risiko Kredit (lanjutan)

- (iv) Eksposur maksimum risiko kredit tanpa memperhitungkan jaminan

Eksposur risiko kredit terhadap aset pada laporan posisi keuangan konsolidasian adalah sebagai berikut:

	Eksposur maksimum/ Maximum exposure
	2013
Piutang usaha - neto	279.956.482
Piutang lain-lain - neto	20.197.882
Piutang lain-lain jangka panjang	40.265.562
Total	340.419.926

	Eksposur maksimum/ Maximum exposure
	2012
Piutang usaha - neto	258.652.097
Piutang lain-lain - neto	3.417.800
Total	262.069.897

	Eksposur maksimum/ Maximum exposure
	2011
Piutang usaha - neto	219.462.759
Piutang lain-lain - neto	2.777.846
Total	222.240.605

Sehubungan dengan risiko kredit yang timbul dari aset keuangan lainnya yang mencakup kas dan setara kas dan kas yang dibatasi penggunaannya, risiko kredit yang dihadapi Kelompok Usaha timbul karena wanprestasi dari *counterparty*. Kelompok Usaha 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.

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

RISK MANAGEMENT (continued)

a. Credit Risk (continued)

- (iv) Maximum exposure to credit risk before deposit held

Credit risk exposure relating to assets in the consolidated statement of financial position is as follows:

	Eksposur maksimum/ Maximum exposure	
	2013	
Piutang usaha - neto	279.956.482	Trade receivables - net
Piutang lain-lain - neto	20.197.882	Other receivables - net
Piutang lain-lain jangka panjang	40.265.562	Other long-term receivables
Total	340.419.926	Total

	Eksposur maksimum/ Maximum exposure	
	2012	
Piutang usaha - neto	258.652.097	Trade receivables - net
Piutang lain-lain - neto	3.417.800	Other receivables - net
Total	262.069.897	Total

	Eksposur maksimum/ Maximum exposure	
	2011	
Piutang usaha - neto	219.462.759	Trade receivables - net
Piutang lain-lain - neto	2.777.846	Other receivables - net
Total	222.240.605	Total

With respect to credit risk arising from the other financial assets, which comprise cash and cash equivalents and restricted cash, the Group's exposure to credit risk arises from default of the counterparty. The Group has a policy not to place investments in instruments that have a high credit risk and only put the investments in banks with a high credit ratings. The maximum exposure equal to the carrying amounts as disclosed in Notes 7, 8 and 12.

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**41. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

MANAJEMEN RISIKO (lanjutan)

a. Risiko Kredit (lanjutan)

(iv) Eksposur maksimum risiko kredit tanpa memperhitungkan jaminan (lanjutan)

Konsentrasi risiko aset keuangan dengan eksposur risiko kredit:

(a) Sektor geografis

Tabel berikut menggambarkan rincian eksposur kredit Kelompok Usaha pada nilai tercatat yang dikategorikan berdasarkan area geografis pada tanggal 31 Desember 2013. Untuk tabel ini, Kelompok Usaha telah mengalokasikan eksposur area berdasarkan wilayah geografis tempat mereka beroperasi.

	2013		
	Jawa	Sumatera	
Piutang usaha - neto	230.266.487	49.689.995	Trade receivables - net
Piutang lain-lain - neto	19.877.432	320.450	Other receivables - net
Piutang jangka panjang	40.265.562	-	Long-term receivables
Total	290.409.481	50.010.445	Total

	2012		
	Jawa	Sumatera	
Piutang usaha - neto	216.231.124	42.420.973	Trade receivables - net
Piutang lain-lain - neto	2.430.618	987.182	Other receivables - net
Total	218.661.742	43.408.155	Total

	2011		
	Jawa	Sumatera	
Piutang usaha - neto	165.993.099	53.469.660	Trade receivables - net
Piutang lain-lain - neto	2.698.523	79.323	Other receivables - net
Total	168.691.622	53.548.983	Total

(b) Jenis pelanggan

Tabel berikut ini menggambarkan rincian eksposur kredit Kelompok Usaha pada nilai tercatat (tanpa memperhitungkan agunan atau pendukung kredit lainnya), yang dikategorikan berdasarkan operasi utama.

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

RISK MANAGEMENT (continued)

a. Credit Risk (continued)

(iv) Maximum exposure to credit risk before deposit held (continued)

Concentration of risks of financial assets with credit risk exposure:

(a) Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts, as categorized by geographical region as of December 31, 2013. For this table, the Group has allocated exposures to regions based on the geographical area which activities are undertaken.

(b) Customer types

The following table breaks down the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorized by the main operations.

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**41. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

MANAJEMEN RISIKO (lanjutan)

a. Risiko Kredit (lanjutan)

(iv) Eksposur maksimum risiko kredit tanpa memperhitungkan jaminan (lanjutan)

(b) Jenis pelanggan (lanjutan)

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

RISK MANAGEMENT (continued)

a. Credit Risk (continued)

(iv) Maximum exposure to credit risk before deposit held (continued)

(b) Customer types (continued)

2013			
	Tidak mengalami penurunan nilai/ <i>Non impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total/ <i>Total</i>
Distribusi	190.746.189	57.364.326	248.110.515
Transmisi	20.845.218	12.321.880	33.167.098
Minyak dan gas	8.141.743	-	8.141.743
Operasi lainnya	2.682.757	16.823	2.699.580
Total	222.415.907	69.703.029	292.118.936
Dikurangi: Cadangan kerugian penurunan nilai	-	(12.162.454)	(12.162.454)
Neto	222.415.907	57.540.575	279.956.482
			<i>Distribution Transmission Oil and gas Other operations</i>
			<i>Less: Allowance for impairment losses</i>
			Net
2012			
	Tidak mengalami penurunan nilai/ <i>Non impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total/ <i>Total</i>
Distribusi	216.659.254	24.519.006	241.178.260
Transmisi	17.521.606	9.847.598	27.369.204
Operasi lainnya	3.787.094	-	3.787.094
Total	237.967.954	34.366.604	272.334.558
Dikurangi: Cadangan kerugian penurunan nilai	-	(13.682.461)	(13.682.461)
Neto	237.967.954	20.684.143	258.652.097
			<i>Distribution Transmission Other operations</i>
			Total
			<i>Less: Allowance for impairment losses</i>
			Net
2011			
	Tidak mengalami penurunan nilai/ <i>Non impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total/ <i>Total</i>
Distribusi	170.262.694	27.388.617	197.651.311
Transmisi	18.461.588	14.626.398	33.087.986
Operasi lainnya	1.103.190	-	1.103.190
Total	189.827.472	42.015.015	231.842.487
Dikurangi: Cadangan kerugian penurunan nilai	-	(12.379.728)	(12.379.728)
Neto	189.827.472	29.635.287	219.462.759
			<i>Distribution Transmission Other operations</i>
			Total
			<i>Less: Allowance for impairment losses</i>
			Net

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KEUANGAN (lanjutan)**

MANAJEMEN RISIKO (lanjutan)

a. Risiko Kredit (lanjutan)

- (v) Eksposur maksimum risiko kredit tanpa memperhitungkan jaminan (lanjutan)

Entitas Anak mempunyai konsentrasi risiko kredit atas seluruh penjualan minyak dan gas bumi kepada pembeli tunggal. Penjualan minyak pada umumnya dijual berdasarkan kontrak jangka pendek dan tidak membutuhkan jaminan dari pembeli yang mencerminkan kurang lebih sebesar 57% dari jumlah piutang minyak dan gas bumi. Gas alam dijual berdasarkan perjanjian penjualan gas antara PSC Pangkah kepada pembeli tunggal, dimana mencerminkan kurang lebih 23% dari jumlah piutang minyak dan gas. LPG dijual berdasarkan perjanjian jual beli LPG antara Pangkah PSC kepada pembeli tunggal, yang mencerminkan kurang lebih sebesar 22% dari piutang minyak dan gas.

b. Risiko Pasar

Kelompok Usaha memiliki eksposur terhadap risiko pasar, yaitu risiko tingkat 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.

Kelompok Usaha memiliki pinjaman jangka pendek dan jangka panjang dengan bunga variabel. Kelompok Usaha akan memonitor secara ketat pergerakan suku bunga di pasar dan apabila suku bunga mengalami kenaikan yang signifikan maka Perusahaan akan menegosiasikan kembali suku bunga tersebut dengan para *lender*.

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

RISK MANAGEMENT (continued)

a. Credit Risk (continued)

- (v) Maximum exposure to credit risk before deposit held (continued)

The Subsidiary is subject to concentration of credit risk as all of their crude oil and gas sales are to single counter party. Crude oil sales are generally sold under short-term contracts and generally do not require collateral from the counter party, which represents approximately 57% 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 23% 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 22% of oil and gas trade receivable.

b. Market Risk

The Group is exposed to market risk, in particular interest rate risk and foreign currency risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's short-term and long-term loans are charged with variable interest rates. The Group will strictly monitor the market interest rates fluctuation and if the interest rates significantly increased, they will renegotiate the interest rate to the lenders.

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KEUANGAN (lanjutan)**

MANAJEMEN RISIKO (lanjutan)

b. Risiko Pasar (lanjutan)

Kelompok Usaha juga melakukan transaksi *swap* suku bunga untuk menyesuaikan risiko suku bunga yang terasosiasi dengan efek pinjaman bank jangka pendek dan pinjaman jangka panjang dengan tingkat bunga variabel, akan tetapi tidak memberlakukan akuntansi lindung nilai.

(i) Risiko tingkat bunga

Kelompok Usaha memiliki eksposur terhadap dampak 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 Kelompok Usaha terhadap risiko tingkat bunga:

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

RISK MANAGEMENT (continued)

b. Market Risk (continued)

The Group also enters into interest rates swap to match the interest rate risk associated with the variable rates short-term bank loans and long-term loans, however no hedge accounting is applied.

(i) Interest rate risk

The Group takes an exposure to the effects of fluctuations in the prevailing levels of market interest rates, both its fair value and cash flow risks.

The table below summarizes the Group's fair value exposures to interest rate risks:

2013						
Bunga mengambang/Floating rate						
Bunga tetap/ Fixed rate	Lebih dari 1 bulan sampai dengan 3 bulan/ Over 1 month 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	Total/ Total		
Pinjaman bank jangka pendek	-	-	300.000.000	-	300.000.000	Short-term bank loans
Pinjaman jangka panjang jatuh tempo dalam waktu 1 tahun	26.833.743	72.460.855	14.686.004	-	113.980.602	Current maturities of long-term loans
Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu 1 tahun	476.864.616	127.768.533	7.343.000	-	611.976.149	Long-term loans - net of current maturities
Total	503.698.359	200.229.388	322.029.004	-	1.025.956.751	Total
2012						
Bunga mengambang/Floating rate						
Bunga tetap/ Fixed rate	Lebih dari 1 bulan sampai dengan 3 bulan/ Over 1 month 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	Total/ Total		
Pinjaman jangka panjang jatuh tempo dalam waktu 1 tahun	11.545.515	72.395.708	14.686.005	-	98.627.228	Current maturities of long-term loans
Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu 1 tahun	635.644.005	182.333.518	22.029.004	-	840.006.527	Long-term loans - net of current maturities
Total	647.189.520	254.729.226	36.715.009	-	938.633.755	Total

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KEUANGAN (lanjutan)**

MANAJEMEN RISIKO (lanjutan)

b. Risiko Pasar (lanjutan)

(i) Risiko tingkat bunga (lanjutan)

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

RISK MANAGEMENT (continued)

b. Market Risk (continued)

(i) Interest rate risk (continued)

2011

	Bunga mengambang/Floating rate				Total/ Total	
	Bunga tetap/ Fixed rate	Lebih dari 1 bulan sampai dengan 3 bulan/ Over 1 month 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 1 tahun	11.068.699	72.123.726	15.064.686	-	98.257.111	Current maturities of long-term loans
Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu 1 tahun	705.188.476	251.238.045	37.549.552	-	993.976.073	Long-term loans - net of current maturities
Total	716.257.175	323.361.771	52.614.238	-	1.092.233.184	Total

Analisa sensitivitas untuk risiko suku bunga

Pada tanggal 31 Desember 2013, jika tingkat suku bunga pinjaman meningkat/menurun sebesar 50 basis poin dengan semua variabel konstan, laba sebelum beban pajak untuk tahun yang berakhir pada tanggal tersebut lebih rendah/tinggi sebesar US\$868.352 terutama sebagai akibat kenaikan/penurunan biaya bunga atas pinjaman dengan tingkat bunga mengambang.

(ii) Risiko mata uang asing

Risiko mata uang asing adalah risiko atas perubahan nilai tukar Dolar Amerika Serikat sebagai mata uang penyajian terhadap mata uang asing, khususnya Rupiah dan Yen Jepang. Risiko ini muncul disebabkan aset, liabilitas dan transaksi operasional Kelompok Usaha didominasi oleh mata uang asing sehingga pelemahan Dolar Amerika Serikat terhadap mata uang asing tersebut dapat mempengaruhi kinerja Kelompok Usaha.

Risiko mata uang asing adalah risiko dimana nilai wajar dari arus kas masa depan dari instrumen keuangan akan berfluktuasi yang disebabkan perubahan nilai tukar mata uang asing. Dampak fluktuasi tingkat mata uang asing Kelompok Usaha terutama berasal dari Yen Jepang yang didenominasi dari pinjaman jangka panjang.

Sensitivity analysis for interest rate risk

As of December 31, 2013, if the interest rates of the loans have been 50 basis points higher/lower with all other variables held constant, profit before tax expense for the year then ended would have been US\$868,352 lower/higher, mainly as a result of higher/lower interest expense on loans with floating interest rates.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that arise from the changes of exchange rate of US Dollar as presentation currency against foreign currencies, especially Rupiah and Japanese Yen. Assets, liabilities and operational transactions of the Group are denominated in foreign currencies, therefore, the weakening of US Dollar will influence the financial performance of the Group.

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 Japanese Yen which denominated from long-term loans.

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**41. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

MANAJEMEN RISIKO (lanjutan)

b. Risiko Pasar (lanjutan)

(ii) Risiko mata uang asing (lanjutan)

Untuk mengatur risiko mata uang asing, Perusahaan melakukan kontrak *cross currency swap*. Kontrak ini akan dicatat sebagai transaksi bukan lindung nilai, dimana perubahan atas nilai wajar akan masuk dalam laporan laba rugi komprehensif konsolidasian tahun berjalan.

Sebagian besar pembelian gas dalam mata uang Dolar Amerika Serikat juga dijual dalam Dolar Amerika Serikat, 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.

Kelompok Usaha mempunyai aset dan liabilitas moneter dalam mata uang asing pada tanggal 31 Desember 2013 yang disajikan pada Catatan 43.

Analisa sensitivitas untuk risiko mata uang asing

Pada tanggal 31 Desember 2013, jika nilai tukar Dolar Amerika Serikat terhadap mata uang asing meningkat sebanyak 10% dengan semua variabel konstan, laba sebelum beban pajak untuk tahun yang berakhir pada tanggal tersebut lebih rendah sebesar US\$21.004.835, terutama sebagai akibat kerugian/keuntungan translasi kas dan setara kas dan pinjaman dalam mata uang asing, sedangkan jika nilai tukar Dolar Amerika Serikat terhadap mata uang asing menurun sebanyak 10%, maka laba sebelum manfaat (beban) pajak untuk tahun yang berakhir pada tanggal tersebut lebih tinggi sebesar US\$25.539.668.

(iii) Risiko harga

Kelompok Usaha mempunyai investasi dalam obligasi yang nilai wajarnya sangat terpengaruh dengan risiko harga pasar. Kelompok Usaha mengelola risiko ini dengan mendiversifikasikan ke beberapa investasi. Dewan Direksi melakukan audit dan menyetujui setiap keputusan investasi jangka pendek.

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

RISK MANAGEMENT (continued)

b. Market Risk (continued)

(ii) Foreign exchange risk (continued)

To manage foreign exchange rate risks, the Company entered into cross currency swap contract. This contract is accounted as transaction not designated as hedge, wherein the changes in the fair value are charged or credited directly to the consolidated statement of comprehensive income for the current year.

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.

The Group had monetary assets and liabilities denominated in foreign currencies as of December 31, 2013 which are presented in Note 43.

Sensitivity analysis for foreign exchange risk

As of December 31, 2013, if the exchange rates of the US Dollar against foreign currencies appreciated by 10% with all other variables held constant, profit before tax expense for the year then ended would have been US\$21,004,835 lower, mainly as result of foreign exchange losses/gains on the translation of cash and cash equivalents and loans denominated in foreign currencies, while, if the exchange rates of the US Dollar against foreign currencies depreciated by 10%, profit before tax benefit (expense) for the year then ended would have been US\$25,539,668 higher.

(iii) Price risk

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 of the investments. Board of Directors reviews and approves all short-term investments decision.

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KEUANGAN (lanjutan)**

MANAJEMEN RISIKO (lanjutan)

b. Risiko Pasar (lanjutan)

(iii) Risiko harga (lanjutan)

Analisa sensitivitas untuk risiko harga

Pada tanggal 31 Desember 2013, jika tingkat harga pasar investasi meningkat/menurun sebesar 10% dengan semua variabel konstan, investasi jangka pendek Kelompok Usaha untuk tahun yang berakhir pada tanggal tersebut lebih rendah/tinggi sebesar US\$8.538.483.

c. Risiko Likuiditas

Risiko likuiditas adalah risiko dimana Kelompok Usaha tidak bisa memenuhi liabilitas pada saat jatuh tempo. Kelompok Usaha melakukan evaluasi dan pengawasan yang ketat atas arus kas masuk (*cash-in*) dan kas keluar (*cash-out*) untuk memastikan tersedianya dana untuk memenuhi kebutuhan pembayaran liabilitas yang jatuh tempo. Secara umum, kebutuhan dana untuk pelunasan liabilitas jangka pendek maupun jangka panjang yang jatuh tempo diperoleh dari pelunasan piutang usaha dari pelanggan yang memiliki jangka waktu kredit satu bulan.

Tabel dibawah merupakan profil liabilitas keuangan Kelompok Usaha berdasarkan arus kas kontraktual yang tidak terdiskonto:

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

RISK MANAGEMENT (continued)

b. Market Risk (continued)

(iii) Price risk (continued)

Sensitivity analysis for price risk

As of December 31, 2013, if the price rates of the investment have been 10% higher/lower with all other variables held constant, the short-term investments for the year then ended would have been US\$8,538,483 lower/higher.

c. Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due. The Group evaluates and monitors cash-in flow and cash-out flow to ensure the availability of funds to settle the due obligation. In general, funds needed to settle the current and long-term liabilities are obtained from settlement of trade receivables from the customers with one month credit term.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

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**41. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

MANAJEMEN RISIKO (lanjutan)

RISK MANAGEMENT (continued)

c. Risiko Likuiditas (lanjutan)

c. Liquidity Risk (continued)

	Total/Total	Sewaktu-waktu dan Dalam Waktu 1 Tahun/ On Demand and Within 1 Year	Dalam Waktu 1 sampai dengan 5 Tahun/Within 1 to 5 Years	Lebih dari 5 Tahun/More Than 5 Years	
Pada tanggal 31 Desember 2013					As of December 31, 2013
Pinjaman bank					<i>Short-term bank loans</i>
jangka pendek					<i>Principal</i>
Pokok pinjaman	300.000.000	300.000.000	-	-	<i>Future imputed</i>
Beban bunga					<i>interest charges</i>
masa depan	4.489.050	4.489.050	-	-	<i>Trade payables</i>
Utang usaha	158.320.476	158.320.476	-	-	<i>Other payables</i>
Utang lain-lain	57.609.234	57.609.234	-	-	
Liabilitas yang masih harus dibayar	180.125.591	180.125.591	-	-	<i>Accrued liabilities</i>
Pinjaman jangka panjang yang jatuh tempo dalam waktu satu tahun					<i>Current maturities of long-term loans</i>
Pokok pinjaman	113.980.602	113.980.602	-	-	<i>Principal</i>
Beban bunga					<i>Future imputed</i>
masa depan	14.476.833	14.476.833	-	-	<i>interest charges</i>
Pinjaman jangka panjang, setelah dikurangi bagian yang jatuh tempo dalam waktu satu tahun					<i>Long-term loans, net of current maturities</i>
Pokok pinjaman	611.976.149	-	221.388.757	390.587.392	<i>Principal</i>
Beban bunga					<i>Future imputed</i>
masa depan	114.883.295		47.145.018	67.738.277	<i>interest charges</i>
Utang derivatif	11.927.017	-	-	11.927.017	<i>Derivative payable</i>

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**41. KEBIJAKAN DAN TUJUAN MANAJEMEN
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**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

MANAJEMEN RISIKO (lanjutan)

RISK MANAGEMENT (continued)

c. Risiko Likuiditas (lanjutan)

c. Liquidity Risk (continued)

	<u>Total/Total</u>	<u>Sewaktu-waktu dan Dalam Waktu 1 Tahun/ On Demand and Within 1 Year</u>	<u>Dalam Waktu 1 sampai dengan 5 Tahun/Within 1 to 5 Years</u>	<u>Lebih dari 5 Tahun/More Than 5 Years</u>	
Pada tanggal 31 Desember 2012					As of December 31, 2012
Utang usaha	189.130.962	189.130.962	-	-	Trade payables
Utang lain-lain	24.800.904	24.800.904	-	-	Other payables
Liabilitas yang masih harus dibayar	42.257.980	42.257.980	-	-	Accrued liabilities
Pinjaman jangka panjang yang jatuh tempo dalam waktu satu tahun					Current maturities of long-term loans
Pokok pinjaman	98.627.228	98.627.228	-	-	Principal
Beban bunga masa depan	18.838.479	18.838.479	-	-	Future imputed interest charges
Pinjaman jangka panjang, setelah dikurangi bagian yang jatuh tempo dalam waktu satu tahun					Long-term loans, net of current maturities
Pokok pinjaman	840.006.527	-	357.245.723	482.760.804	Principal
Beban bunga masa depan	148.903.131		60.763.721	88.139.410	Future imputed interest charges
Utang derivatif	87.115.630	-	-	87.115.630	Other non- current liabilities

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**41. KEBIJAKAN DAN TUJUAN MANAJEMEN
RISIKO KEUANGAN (lanjutan)**

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

MANAJEMEN RISIKO (lanjutan)

RISK MANAGEMENT (continued)

c. Risiko Likuiditas (lanjutan)

c. Liquidity Risk (continued)

	<u>Total/Total</u>	<u>Sewaktu-waktu dan Dalam Waktu 1 Tahun/ On Demand and Within 1 Year</u>	<u>Dalam Waktu 1 sampai dengan 5 Tahun/Within 1 to 5 Years</u>	<u>Lebih dari 5 Tahun/More Than 5 Years</u>	
Pada tanggal 31 Desember 2011					As of December 31, 2011
Utang usaha	61.149.611	61.149.611	-	-	Trade payables
Utang lain-lain	20.785.064	20.785.064	-	-	Other payables
Liabilitas yang masih harus dibayar	38.229.660	38.229.660	-	-	Accrued liabilities
Pinjaman jangka panjang yang jatuh tempo dalam waktu satu tahun					Current maturities of long-term loans
Pokok pinjaman	98.257.111	98.257.111	-	-	Principal
Beban bunga masa depan	21.986.900	21.986.900	-	-	Future imputed interest charges
Pinjaman jangka panjang, setelah dikurangi bagian yang jatuh tempo dalam waktu satu tahun					Long-term loans, net of current maturities
Pokok pinjaman	993.976.073	-	424.638.405	569.337.668	Principal
Beban bunga masa depan	181.686.091	-	73.413.389	108.272.702	Future imputed interest charges
Utang derivatif	178.315.793	-	-	178.315.793	Other non- current liabilities

MANAJEMEN MODAL

CAPITAL MANAGEMENT

Kelompok Usaha bertujuan mencapai struktur modal yang optimal untuk memenuhi tujuan usaha, diantaranya dengan mempertahankan rasio modal yang sehat dan memaksimalkan nilai pemegang saham.

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.

Beberapa instrumen utang Kelompok Usaha memiliki rasio keuangan yang mensyaratkan rasio *leverage* maksimum. Kelompok Usaha telah memenuhi semua persyaratan modal yang ditetapkan oleh pihak luar.

Some of the Group's debt instruments contain covenants that impose maximum leverage ratios. The Group has complied with all externally imposed capital requirements.

Manajemen memantau modal dengan menggunakan beberapa ukuran *leverage* keuangan seperti rasio utang terhadap ekuitas dan *debt service ratio*. Tujuan Kelompok Usaha adalah mempertahankan rasio utang terhadap ekuitas sebesar maksimum 2,33 pada tanggal 31 Desember 2013.

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, 2013.

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**41. KEBIJAKAN DAN TUJUAN MANAJEMEN
RISIKO KEUANGAN (lanjutan)**

MANAJEMEN MODAL (lanjutan)

Pada tanggal 31 Desember 2013, 2012 dan 2011, akun-akun Kelompok Usaha yang membentuk rasio utang terhadap ekuitas adalah sebagai berikut:

	2013	2012	2011	
Pinjaman bank jangka pendek	300.000.000	-	-	Short-term bank loans
Pinjaman jangka panjang jatuh tempo dalam satu tahun	113.980.602	98.627.228	98.257.111	Current portion of long term loans
Pinjaman jangka panjang setelah dikurangi bagian jatuh tempo dalam waktu satu tahun	611.976.149	840.006.527	993.976.073	Long term loans - net of current maturities
Total	1.025.956.751	938.633.755	1.092.233.184	
Total ekuitas	2.727.226.523	2.354.791.978	1.879.357.269	Total equity
Rasio utang terhadap ekuitas	0,38	0,40	0,58	Debt to equity ratio

42. INSTRUMEN KEUANGAN

Aset keuangan Kelompok Usaha meliputi kas dan setara kas dan setara kas, kas yang dibatasi penggunaannya, investasi jangka pendek, piutang usaha - neto dan piutang lain-lain - neto yang timbul dari kegiatan usahanya. Liabilitas keuangan Perusahaan dan entitas anak meliputi utang usaha, liabilitas yang masih harus dibayar, utang lain-lain, utang derivatif, pinjaman jangka panjang jatuh tempo dalam waktu satu tahun dan pinjaman jangka panjang setelah dikurangi bagian jatuh tempo dalam waktu satu tahun yang tujuan utamanya untuk pembiayaan kegiatan usaha.

Tabel di bawah ini mengikhtisarkan nilai tercatat dan estimasi nilai wajar instrumen keuangan Kelompok Usaha yang dinyatakan dalam laporan posisi keuangan konsolidasian pada tanggal 31 Desember 2013, 2012 dan 2011:

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

CAPITAL MANAGEMENT (continued)

As of December 31, 2013, 2012, and 2011 the Group's debt to equity ratio account is as follows:

42. FINANCIAL INSTRUMENTS

The Group's financial assets include cash and cash equivalents, restricted cash, short-term investments, trade receivables - net and other receivables - net which arise from their business operations. Their financial liabilities include trade payables, accrued liabilities, other payables, derivative payable, current maturities of long-term loans and long-term loans - net of current maturities which main purpose is to finance the business operations.

The following table sets forth the carrying values and their estimated fair values of the Group's financial instruments that are carried in the consolidated statements of financial position as of December 31, 2013, 2012 and 2011:

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42. INSTRUMEN KEUANGAN (lanjutan)

42. FINANCIAL INSTRUMENTS (continued)

	2013		
	Nilai tercatat/ Carrying amount	Nilai wajar/ Fair value	
Aset keuangan			Financial assets
Kas dan setara kas	1.319.168.247	1.319.168.247	Cash and cash equivalents
Kas yang dibatasi penggunaannya	1.163.447	1.163.447	Restricted cash
Investasi jangka pendek	85.384.831	85.384.831	Short-term investments
Piutang usaha - neto	279.956.482	279.956.482	Trade receivables - net
Piutang lain-lain - neto	20.197.882	20.197.882	Other receivables - net
Piutang lain-lain jangka panjang	40.265.562	40.265.562	Other long-term receivables
Total	1.746.136.451	1.746.136.451	Total
Liabilitas keuangan			Financial liabilities
Pinjaman bank jangka pendek	300.000.000	300.000.000	Short-term bank loans
Utang usaha	158.320.476	158.320.476	Trade payables
Liabilitas yang masih harus dibayar	180.125.591	180.125.591	Accrued liabilities
Utang lain-lain	57.609.234	57.609.234	Other payables
Utang derivatif	11.927.017	11.927.017	Derivative payable
Pinjaman jangka panjang jatuh tempo dalam waktu satu tahun	113.980.602	113.980.602	Current maturities of long-term loans
Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu satu tahun	611.976.149	611.976.149	Long-term loans - net of current maturities
Total	1.433.939.069	1.433.939.069	Total
	2012		
	Nilai tercatat/ Carrying amount	Nilai wajar/ Fair value	
Aset keuangan			Financial assets
Kas dan setara kas	1.567.458.346	1.567.458.346	Cash and cash equivalents
Kas yang dibatasi penggunaannya	8.478.599	8.478.599	Restricted cash
Investasi jangka pendek	108.286.034	108.286.034	Short-term investments
Piutang usaha - neto	258.652.097	258.652.097	Trade receivables - net
Piutang lain-lain - neto	3.417.800	3.417.800	Other receivables - net
Total	1.946.292.876	1.946.292.876	Total
Liabilitas keuangan			Financial liabilities
Utang usaha	189.130.962	189.130.962	Trade payables
Liabilitas yang masih harus dibayar	42.257.980	42.257.980	Accrued liabilities
Utang lain-lain	24.800.904	24.800.904	Other payables
Utang derivatif	87.115.630	87.115.630	Derivative payable
Pinjaman jangka panjang jatuh tempo dalam waktu satu tahun	98.627.228	98.627.228	Current maturities of long-term loans
Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu satu tahun	840.006.527	840.006.527	Long-term loans - net of current maturities
Total	1.281.939.231	1.281.939.231	Total

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42. INSTRUMEN KEUANGAN (lanjutan)

42. FINANCIAL INSTRUMENTS (continued)

	2011		
	Nilai tercatat/ Carrying amount	Nilai wajar/ Fair value	
Aset keuangan			Financial assets
Kas dan setara kas	1.141.361.864	1.141.361.864	Cash and cash equivalents
Kas yang dibatasi penggunaannya	3.624.251	3.624.251	Restricted cash
Investasi jangka pendek	27.276.060	27.276.060	Short-term investments
Piutang usaha - neto	219.462.759	219.462.759	Trade receivables - net
Piutang lain-lain - neto	2.777.846	2.777.846	Other receivables - net
Total	1.394.502.780	1.394.502.780	Total
Liabilitas keuangan			Financial liabilities
Utang usaha	61.149.611	61.149.611	Trade payables
Liabilitas yang masih harus dibayar	38.229.660	38.229.660	Accrued liabilities
Utang lain-lain	20.785.064	20.785.064	Other payables
Utang derivatif	178.315.793	178.315.793	Derivative payable
Pinjaman jangka panjang jatuh tempo dalam waktu satu tahun	98.257.111	98.257.111	Current maturities of long-term loans
Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu satu tahun	993.976.073	993.976.073	Long-term loans - net of current maturities
Total	1.390.713.312	1.390.713.312	Total

Nilai wajar aset dan liabilitas keuangan disajikan dalam jumlah di mana instrumen tersebut dapat dipertukarkan dalam transaksi ini antara pihak-pihak yang berkeinginan (*willing parties*), bukan dalam penjualan akibat kesulitan keuangan atau likuidasi yang dipaksakan.

The fair values of the financial assets and liabilities are presented at the amounts which instrument could be exchanged in a current transaction between willing parties, not in a forced sale or liquidation.

Metode dan asumsi berikut ini digunakan untuk mengestimasi nilai wajar untuk setiap kelompok instrumen keuangan yang praktis untuk memperkirakan nilai 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. Kas dan setara kas, kas yang dibatasi penggunaannya, piutang usaha - neto dan piutang lain-lain - neto.

1. Cash and cash equivalents, restricted cash, trade receivables - net and other receivables - net.

Seluruh aset keuangan di atas merupakan aset keuangan jangka pendek yang akan jatuh tempo dalam waktu 12 bulan sehingga nilai tercatat aset keuangan tersebut telah mencerminkan nilai wajar dari aset keuangan tersebut.

All of the above financial assets are due within 12 months, thus the carrying value of the financial assets approximate their fair values of the financial assets.

2. Investasi jangka pendek.

2. Short-term investments.

Aset keuangan di atas diukur pada harga kuotasi yang dipublikasikan dalam pasar aktif.

The above financial assets are measured at published quoted market price in active market.

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42. INSTRUMEN KEUANGAN (lanjutan)

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 aset dan liabilitas keuangan di atas merupakan pinjaman yang memiliki suku bunga variabel dan tetap yang disesuaikan dengan pergerakan suku bunga pasar sehingga nilai tercatat aset dan liabilitas keuangan tersebut telah mendekati nilai wajar.

5. Utang derivatif.

Nilai wajar dari kewajiban keuangan ini diestimasi dengan menggunakan teknik penilaian yang wajar dengan nilai input pasar yang dapat diobservasi.

Hirarki Nilai Wajar

Aset dan liabilitas keuangan diklasifikasikan secara keseluruhan berdasarkan tingkat terendah dari masukan (*input*) yang signifikan terhadap pengukuran nilai wajar. Penilaian dampak signifikan dari suatu *input* 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.

42. FINANCIAL INSTRUMENTS (continued)

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 assets and liabilities are assets and liabilities with floating and fixed interest rates which are adjusted in the movements of market interest rates, thus the carrying values of the financial assets and liabilities approximate their fair values.

5. Derivative payable.

Fair value of this financial liability is estimated using appropriate valuation techniques with market observable inputs.

Fair Value Hierarchy

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.

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42. INSTRUMEN KEUANGAN (lanjutan)

Metode penilaian termasuk penggunaan harga dalam transaksi pasar yang wajar (*arm's length*) 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 input*). 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.

Hirarki nilai wajar Perusahaan pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011 adalah sebagai berikut:

42. FINANCIAL INSTRUMENTS (continued)

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.

The Company's fair values hierarchy as of December 31, 2013, 2012 dan 2011, is as follows:

	2013				
	Total/ Total	Harga pasar yang dikuotasi untuk aset dan liabilitas yang sama (Level 1) <i>Quoted prices in active markets for identical assets or liabilities (Level 1)</i>	Input yang signifikan dan dapat diobservasi secara langsung maupun tidak langsung (Level 2) <i>Significant and observable inputs, direct or indirectly (Level 2)</i>	Input yang signifikan tetapi tidak dapat diobservasi (Level 3) <i>Significant unobservable inputs (Level 3)</i>	
Aset keuangan lancar					Current financial asset
Investasi jangka pendek	85.384.831	85.384.831	-	-	Short-term investments
Liabilitas keuangan jangka panjang					Non-current financial liability
Utang derivatif	11.927.017	-	11.927.017	-	Derivative payable

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42. INSTRUMEN KEUANGAN (lanjutan)

42. FINANCIAL INSTRUMENTS (continued)

	2012				
	Total/ Total	Harga pasar yang dikuotasi untuk aset dan liabilitas yang sama (Level 1) <i>Quoted prices in active markets for identical assets or liabilities (Level 1)</i>	Input yang signifikan dan dapat diobservasi secara langsung maupun tidak langsung (Level 2) <i>Significant and observable inputs, direct or indirectly (Level 2)</i>	Input yang signifikan tetapi tidak dapat diobservasi (Level 3) <i>Significant unobservable inputs (Level 3)</i>	
Aset keuangan lancar					Current financial asset
Investasi jangka pendek	108.286.034	108.286.034	-	-	Short-term investments
Liabilitas keuangan jangka panjang					Non-current financial liability
Utang derivatif	87.115.630	-	87.115.630	-	Derivative payable
	2011				
	Total/ Total	Harga pasar yang dikuotasi untuk aset dan liabilitas yang sama (Level 1) <i>Quoted prices in active markets for identical assets or liabilities (Level 1)</i>	Input yang signifikan dan dapat diobservasi secara langsung maupun tidak langsung (Level 2) <i>Significant and observable inputs, direct or indirectly (Level 2)</i>	Input yang signifikan tetapi tidak dapat diobservasi (Level 3) <i>Significant unobservable inputs (Level 3)</i>	
Aset keuangan lancar					Current financial asset
Investasi jangka pendek	27.276.060	27.276.060	-	-	Short-term investments
Liabilitas keuangan jangka panjang					Non-current financial liability
Utang derivatif	178.315.793	-	178.315.793	-	Derivative payable

Untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2013, 2012 dan 2011, tidak terdapat pengalihan antara pengukuran nilai wajar Level 1 dan Level 2.

For the years ended December 31, 2013, 2012 and 2011, there were no transfers between Level 1 and Level 2 fair value measurements.

43. ASET DAN LIABILITAS DALAM MATA UANG ASING

43. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Pada tanggal 31 Desember 2013, 2012 dan 2011, aset dan liabilitas moneter Kelompok Usaha dalam mata uang asing adalah sebagai berikut:

As of December 31, 2013, 2012 and 2011, the Group's monetary assets and liabilities denominated in foreign currencies are as follows:

	2013	2012	2011	
Aset				Assets
Dalam Rupiah				In Rupiah
Kas dan setara kas	Rp 3.066.390.281.270	4.369.967.321.548	3.088.394.624.733	Cash and cash equivalents
Kas yang dibatasi penggunaannya	3.203.432.934	78.857.400.623	9.707.597.638	Restricted cash
Investasi jangka pendek	95.000.000.000	145.000.000.000	95.000.000.000	Short-term investments
Piutang usaha	571.834.489.483	585.564.239.100	592.231.225.088	Trade receivables
Piutang lain-lain - neto	70.576.170.866	35.193.279.395	49.909.539.049	Other receivables - net
Uang muka	17.888.214.046	7.933.959.546	274.562.641.213	Advances
Pajak dibayar di muka	-	-	1.418.981.452	Prepaid taxes
Sub-total	Rp 3.824.892.588.599	5.222.516.200.212	4.111.224.609.173	Sub-total

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43. ASET DAN LIABILITAS DALAM MATA UANG ASING (lanjutan)

43. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES (continued)

		2013	2012	2011	
Dalam Yen Jepang					In Japanese Yen
Kas dan setara kas	JPY	171.601.671	1.260.017.469	761.451.076	Cash and cash equivalents
Sub-total	JPY	171.601.671	1.260.017.469	761.451.076	Sub-total
Dalam Dolar Singapura					In Singapore Dollar
Kas dan setara kas	SG\$	222.680	212.728	31.206	Cash and cash equivalents
Piutang lain-lain - neto		5.527	5.527	23.027	Other receivables - net
Sub-total	SG\$	228.207	218.255	54.233	Sub-total
Total Aset	Rp	3.824.892.588.599	5.222.516.200.212	4.111.224.609.173	Total Assets
	JPY	171.601.671	1.260.017.469	761.451.076	
	SG\$	228.207	218.255	54.233	
Ekuivalen Dolar Amerika Serikat		315.613.958	554.843.252	463.227.657	US Dollar equivalents
Liabilitas					Liabilities
Dalam Rupiah					In Rupiah
Utang usaha	Rp	309.675.429	64.704.101	-	Trade payables
Utang lain-lain		238.173.749.544	117.917.803.502	62.514.379.908	Other payables
Liabilitas yang masih harus dibayar		348.811.088.475	202.326.215.941	158.313.272.844	Accrued liabilities
Liabilitas imbalan kerja jangka pendek		434.196.996.804	360.719.592.179	308.662.176.592	Short-term employee's benefits liabilities
Utang pajak		165.827.602.119	145.874.632.445	189.423.422.291	Taxes payable
Sub-total	Rp	1.187.319.112.371	826.902.948.168	718.913.251.635	Sub-total
Dalam Yen Jepang					In Japanese Yen
Liabilitas yang masih harus dibayar	JPY	191.071.659	586.633.897	340.044.754	Accrued liabilities
Pinjaman jangka panjang - setelah dikurangi bagian jatuh tempo dalam waktu satu tahun		46.937.981.000	48.538.362.136	48.319.782.127	Long-term loans - net of current maturities
Sub-total	JPY	47.129.052.659	49.124.996.033	48.659.826.881	Sub-total
Dalam Dolar Singapura					In Singapore Dollar
Liabilitas yang masih harus dibayar	SG\$	86.000	-	-	Accrued Liabilities
Sub-total	SG\$	86.000	-	-	Sub-total
Total Liabilitas	Rp	1.187.319.112.371	826.902.948.168	718.913.251.635	Total Liabilities
	JPY	47.129.052.659	49.124.996.033	48.659.826.881	
	SG\$	86.000	-	-	
Ekuivalen Dolar Amerika Serikat		546.667.144	654.351.892	706.097.542	US Dollar equivalents
Total Liabilitas - Neto		231.053.186	99.508.640	242.869.885	Total Liabilities - Net

Sebagian besar pembelian gas dalam mata uang Dolar Amerika Serikat juga dijual dalam Dolar Amerika Serikat, 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.

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Pada tanggal penyelesaian laporan keuangan konsolidasian, kurs tengah yang dikeluarkan oleh Bank Indonesia adalah Rp11.438 untuk US\$1, SG\$1,25 untuk US\$1 dan JPY102,21 untuk US\$1. Apabila kurs tersebut digunakan pada tanggal 31 Desember 2013, maka liabilitas konsolidasi neto akan turun sebesar US\$2.343.089.

44. INFORMASI SEGMENT USAHA

Untuk kepentingan manajemen, Kelompok Usaha 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 minyak dan gas

Segmen eksplorasi minyak 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 jasa sewa fiber optik untuk penyediaan jaringan dan jasa konstruksi dan perbaikan kepada pelanggan.

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. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES (continued)

As of the completion date of the consolidated financial statements, the rates of exchange published by Bank Indonesia was Rp11,438 to US\$1, SG\$1.25 to US\$1 and JPY102.21 to US\$1. If such exchange rates had been used as of December 31, 2013, the net consolidated liabilities will decrease by US\$2,343,089.

44. 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 of oil and gas

Exploration 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 fiber optic rental for network services and constructions and maintenance services to the customers.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment income and is measured consistently with operating profit or loss in the consolidated financial statements.

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44. INFORMASI SEGMENT USAHA (lanjutan)

Tabel berikut menyajikan informasi pendapatan dan laba dan aset dan liabilitas tertentu sehubungan dengan segmen operasi Kelompok Usaha:

44. SEGMENT INFORMATION (continued)

The following table represents revenue and profit, and certain asset and liability information regarding the Group's operating segments:

	2013					
	Distribusi/ <i>Distribution</i>	Transmisi/ <i>Transmission</i>	Eksplorasi Minyak dan Gas/ <i>Exploration of Oil and Gas</i>	Operasi Lainnya/ <i>Other Operations</i>	Konsolidasian/ <i>Consolidation</i>	
PENDAPATAN NETO						NET REVENUES
Pendapatan	2.972.966.319	200.267.632	34.844.573	66.253.632	3.274.332.156	Revenues
Eliminasi Pendapatan	(203.233.017)	(20.027.026)	-	(49.555.483)	(272.815.526)	Revenues elimination
Total Pendapatan Neto	2.769.733.302	180.240.606	34.844.573	16.698.149	3.001.516.630	Total Net Revenues
Beban segmen						Segment expenses
Beban pokok	1.788.381.640	-	18.400.547	-	1.806.782.187	Cost of revenues
Eliminasi beban pokok	(223.260.042)	-	-	-	(223.260.042)	Cost of revenues elimination
Gaji dan kesejahteraan karyawan	38.088.998	19.210.019	2.814.480	7.852.289	67.965.786	Salaries and employees' benefits
Penyusutan	46.056.114	129.445.648	25.652	5.252.976	180.780.390	Depreciation
Perbaikan dan pemeliharaan	34.020.958	10.361.403	15	785.570	45.167.946	Repairs and maintenance
Eliminasi biaya perbaikan dan pemeliharaan	(19.645.012)	(995.816)	-	-	(20.640.828)	Repairs and maintenance expenses elimination
Beban lain-lain	51.623.487	40.013.625	3.825.053	40.002.664	135.464.829	Other expenses
Eliminasi beban lain-lain	(13.340.573)	(1.849.435)	-	-	(15.190.008)	Other expenses elimination
Total Beban Segmen	1.701.925.570	196.185.444	25.065.747	53.893.499	1.977.070.260	Total Segment Expenses
HASIL						RESULTS
Laba segmen	1.067.807.732	(15.944.838)	9.778.826	(37.195.350)	1.024.446.370	Segmen profit
Beban Perusahaan dan Entitas Anak yang tidak dapat dialokasikan					(119.329.905)	Unallocated expenses of the Company and Subsidiaries
Eliminasi biaya					3.701.692	Expenses elimination
Pendapatan lain-lain					27.023.658	Other income
Beban lain-lain					(2.156.558)	Other expenses
Laba Operasi					933.685.257	Operating Profit
Laba kurs - neto					83.899.214	Gain on foreign exchange - net
Laba perubahan nilai wajar derivatif - neto					70.178.350	Gain on change in fair value of derivative - net
Bagian laba dari entitas asosiasi					32.272.194	Share in profit of the associates
Pendapatan keuangan					26.910.239	Finance income
Beban keuangan					(21.863.585)	Finance cost
Laba Sebelum Beban Pajak					1.125.081.669	Profit Before Tax Expense
Beban Pajak Kini					(226.642.556)	Tax expense Current
Tanggungan					(4.554.593)	Deferred
Beban Pajak - Neto					(231.197.149)	Tax Expense - Net
LABA TAHUN BERJALAN					893.884.520	PROFIT FOR THE YEAR
PENDAPATAN KOMPREHENSIF LAIN						OTHER COMPREHENSIVE INCOME
Keuntungan aktuarial					29.827.072	Actuarial gains
Aset keuangan tersedia untuk dijual					(15.767.821)	Available-for-sale financial assets
Selisih kurs karena penjabaran laporan keuangan dalam Entitas Anak, neto					(14.010.436)	Difference in foreign currency translation of the financial statements of Subsidiaries, net
Sub-total					48.815	Sub-total
Pajak penghasilan terkait					(5.717.966)	Income tax effect
TOTAL KERUGIAN KOMPREHENSIF LAIN SETELAH PAJAK					(5.669.151)	TOTAL OTHER COMPREHENSIVE LOSS AFTER TAX
TOTAL LABA KOMPREHENSIF TAHUN BERJALAN					888.215.369	TOTAL COMPREHENSIVE INCOME FOR THE YEAR

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44. INFORMASI SEGMENT USAHA (lanjutan)

44. SEGMENT INFORMATION (continued)

2013						
	Distribusi/ <i>Distribution</i>	Transmisi/ <i>Transmission</i>	Eksplorasi Minyak dan Gas/ <i>Exploration of Oil and Gas</i>	Operasi Lainnya/ <i>Other Operations</i>	Konsolidasian/ <i>Consolidation</i>	
LABA TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:						PROFIT FOR THE YEAR ATTRIBUTABLE TO:
Pemilik entitas induk					860.533.234	Owners of the parent entity
Kepentingan nonpengendali					33.351.286	Non-controlling interests
Total					893.884.520	Total
TOTAL LABA KOMPREHENSIF TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:						TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:
Pemilik entitas induk					854.246.887	Owners of the parent entity
Kepentingan nonpengendali					33.968.482	non-controlling interests
Total					888.215.369	Total
ASET SEGMENT						SEGMENT ASSETS
Aset Segmen	556.913.870	1.164.054.687	574.278.529	69.879.816	2.365.126.902	Segment Assets
Aset Perusahaan dan Entitas Anak yang tidak dapat dialokasikan					1.998.048.093	Unallocated assets of the Company and Subsidiaries
Total Aset yang Dikonsolidasikan					4.363.174.995	Total Consolidated Assets
LIABILITAS SEGMENT						SEGMENT LIABILITIES
Liabilitas Segmen	42.700.083	29.604.050	71.709.663	9.136.934	153.150.730	Liabilities Segment
Liabilitas Perusahaan dan Entitas Anak yang tidak dapat dialokasikan					1.482.797.742	Unallocated liabilities of the Company and Subsidiaries
Total Liabilitas yang Dikonsolidasikan					1.635.948.472	Total Consolidated Liabilities
INFORMASI LAINNYA						OTHER INFORMATION
Pengeluaran Modal	44.483.621	20.822.679	554.627.926	260.807.671	880.741.897	Capital Expenditures
Penyusutan Penyusutan Perusahaan dan Entitas Anak yang tidak dapat dialokasikan	46.056.114	129.445.648	25.652	5.252.976	180.780.390	Depreciation Unallocated depreciation of the Company and Subsidiaries
Total Penyusutan yang Dikonsolidasikan					4.855.931	Total Consolidated Depreciation
					185.636.321	
2012						
	Distribusi/ <i>Distribution</i>	Transmisi/ <i>Transmission</i>	Eksplorasi Minyak dan Gas/ <i>Exploration of Oil and Gas</i>	Operasi Lainnya/ <i>Other Operations</i>	Konsolidasian/ <i>Consolidation</i>	
PENDAPATAN NETO						NET REVENUES
Pendapatan	2.387.902.755	215.620.970	-	33.249.987	2.636.773.712	Revenues
Eliminasi Pendapatan	(17.956.492)	(15.621.570)	-	(22.961.510)	(56.539.572)	Revenues elimination
Total Pendapatan Neto	2.369.946.263	199.999.400	-	10.288.477	2.580.234.140	Total Net Revenues

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44. INFORMASI SEGMENT USAHA (lanjutan)

44. SEGMENT INFORMATION (continued)

	2012					
	Distribusi/ <i>Distribution</i>	Transmisi/ <i>Transmission</i>	Eksplorasi Minyak dan Gas/ <i>Exploration of Oil and Gas</i>	Operasi Lainnya/ <i>Other Operations</i>	Konsolidasian/ <i>Consolidation</i>	
Beban segmen						<i>Segment expenses</i>
Beban pokok	1.141.420.898	-	-	-	1.141.420.898	<i>Cost of revenues</i>
Eliminasi beban pokok	(33.578.062)	-	-	-	(33.578.062)	<i>Cost of revenues elimination</i>
Gaji dan kesejahteraan karyawan	43.792.191	22.453.147	1.859.792	3.582.712	71.687.842	<i>Salaries and employees' benefits</i>
Penyusutan	40.790.179	139.722.686	20.768	3.800.909	184.334.542	<i>Depreciation</i>
Perbaikan dan pemeliharaan	11.497.871	10.337.389	-	447.349	22.282.609	<i>Repairs and maintenance</i>
Eliminasi biaya perbaikan dan pemeliharaan	(2.189.944)	(542.046)	-	-	(2.731.990)	<i>Repairs and maintenance expenses elimination</i>
Beban lain-lain	41.347.926	41.041.376	2.439.125	24.966.188	109.794.615	<i>Other expenses</i>
Eliminasi beban lain-lain	(9.219.527)	(2.710.838)	-	-	(11.930.365)	<i>Other expenses elimination</i>
Total Beban Segmen	1.233.861.532	210.301.714	4.319.685	32.797.158	1.481.280.089	<i>Total Segment Expenses</i>
HASIL						RESULTS
Laba segmen	1.136.084.731	(10.302.314)	(4.319.685)	(22.508.681)	1.098.954.051	<i>Segment profits</i>
Beban Perusahaan dan Entitas Anak yang tidak dapat dialokasikan					(104.460.711)	<i>Unallocated expenses of the Company and Subsidiaries</i>
Eliminasi biaya					3.613.261	<i>Expenses elimination</i>
Pendapatan lain-lain					21.415.500	<i>Other income</i>
Beban lain-lain					(1.038.741)	<i>Other expenses</i>
Laba Operasi					1.018.483.360	<i>Operating Profit</i>
Laba perubahan nilai wajar derivatif - neto					65.101.054	<i>Gain on change in fair value of derivative - net</i>
Laba kurs - neto					49.757.553	<i>Gain on foreign exchange - net</i>
Pendapatan keuangan					27.824.136	<i>Finance income</i>
Bagian laba dari entitas asosiasi					8.718.596	<i>Share of profit of the associates</i>
Beban keuangan					(21.576.672)	<i>Finance cost</i>
Laba sebelum manfaat (beban) pajak					1.148.308.027	<i>Profit before tax benefit (expense)</i>
Manfaat (beban) Pajak Kini					(238.367.358)	<i>Tax benefit (expense) Current</i>
Tanggunghan					5.315.581	<i>Deferred</i>
Beban Pajak - Neto					(233.051.777)	<i>Tax Expense - Net</i>
LABA TAHUN BERJALAN					915.256.250	PROFIT FOR THE YEAR
PENDAPATAN KOMPREHENSIF LAIN						OTHER COMPREHENSIVE INCOME
Aset keuangan tersedia untuk dijual					7.794.787	<i>Available-for-sale financial assets</i>
Kerugian aktuarial					(8.734.002)	<i>Actuarial losses</i>
Selisih kurs karena penjabaran laporan keuangan dalam Entitas Anak - neto					(1.724.744)	<i>Difference in foreign currency translation of the financial statements of Subsidiaries - net</i>
Sub-total					(2.663.959)	<i>Sub-total</i>
Pajak penghasilan terkait					1.906.393	<i>Income tax effect</i>
TOTAL PENDAPATAN KOMPREHENSIF LAIN SETELAH PAJAK					(757.566)	TOTAL OTHER COMPREHENSIVE INCOME AFTER TAX
TOTAL LABA KOMPREHENSIF TAHUN BERJALAN					914.498.684	TOTAL COMPREHENSIVE INCOME FOR THE YEAR

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44. INFORMASI SEGMENT USAHA (lanjutan)

44. SEGMENT INFORMATION (continued)

2012						
	Distribusi/ Distribution	Transmisi/ Transmission	Eksplorasi Minyak dan Gas/ Exploration of Oil and Gas	Operasi Lainnya/ Other Operations	Konsolidasian/ Consolidation	
LABA TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:						PROFIT FOR THE YEAR ATTRIBUTABLE TO:
Pemilik entitas induk					890.885.456	Owners of the parent entity
Kepentingan nonpengendali					24.370.794	non-controlling interests
Total					915.256.250	Total
TOTAL LABA KOMPREHENSIF TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:						TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:
Pemilik entitas induk					889.696.452	Owners of the parent entity
Kepentingan nonpengendali					24.802.232	non-controlling interests
Total					914.498.684	Total
ASET SEGMENT						SEGMENT ASSETS
Aset Segmen	508.378.690	1.239.992.630	4.236.174	64.251.978	1.816.859.472	Segment assets
Aset Perusahaan dan Entitas Anak yang tidak dapat dialokasikan					2.091.302.847	Unallocated assets of the Company and Subsidiaries
Total Aset yang Dikonsolidasikan					3.908.162.319	Total Consolidated Assets
LIABILITAS SEGMENT						SEGMENT LIABILITIES
Liabilitas Segmen	35.649.329	26.156.830	485.182	6.184.276	68.475.617	Segment liabilities
Liabilitas Perusahaan dan Entitas Anak yang tidak dapat dialokasikan					1.484.894.724	Unallocated liabilities of the Company and Subsidiaries
Total Liabilitas yang Dikonsolidasikan					1.553.370.341	Total Consolidated Liabilities
INFORMASI LAINNYA						OTHER INFORMATION
Pengeluaran Modal	52.478.036	36.162.875	53.391	50.905.579	139.599.881	Capital Expenditures
Penyusutan	40.790.179	139.722.686	20.767	3.800.910	184.334.542	Depreciation
Penyusutan Perusahaan dan Entitas Anak yang tidak dapat dialokasikan					5.070.213	Unallocated depreciation of the Company and Subsidiaries
Total Penyusutan yang Dikonsolidasikan					189.404.755	Total Consolidated Depreciation

2011						
	Distribusi/ Distribution	Transmisi/ Transmission	Eksplorasi Minyak dan Gas/ Exploration of Oil and Gas	Operasi Lainnya/ Other Operations	Konsolidasian/ Consolidation	
PENDAPATAN NETO						NET REVENUES
Pendapatan	2.045.902.062	191.782.136	-	20.001.142	2.257.685.340	Revenues
Eliminasi Pendapatan	-	(16.871.384)	-	(10.416.880)	(27.288.264)	Revenues elimination
Total Pendapatan Neto	2.045.902.062	174.910.752	-	9.584.262	2.230.397.076	Total Net Revenues
Beban segmen						Segment expenses
Beban pokok	905.346.628	-	-	-	905.346.628	Cost of revenues
Eliminasi beban pokok	(16.878.785)	-	-	-	(16.878.785)	Cost of revenues elimination
Gaji dan kesejahteraan karyawan	45.140.801	23.950.888	51.639	2.608.478	71.751.806	Salaries and employees' benefits
Penyusutan	33.343.303	148.365.801	501	2.248.711	183.958.316	Depreciation
Perbaikan dan pemeliharaan	9.846.231	10.516.288	-	145.695	20.508.214	Repairs and maintenance
Eliminasi biaya perbaikan dan pemeliharaan	(2.585.879)	(1.642.917)	-	-	(4.228.796)	Repairs and maintenance expenses elimination
Beban lain-lain	35.721.702	41.389.407	-	14.216.102	91.327.211	Other expenses
Eliminasi beban lain-lain	(4.531.360)	(532.694)	-	-	(5.064.054)	Other expenses elimination
Total Beban Segmen	1.005.402.641	222.046.773	52.140	19.218.986	1.246.720.540	Total Segment Expenses

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44. INFORMASI SEGMENT USAHA (lanjutan)

44. SEGMENT INFORMATION (continued)

	2011				Konsolidasian/ Consolidation	
	Distribusi/ Distribution	Transmisi/ Transmission	Eksplorasi Minyak dan Gas/ Exploration of Oil and Gas	Operasi Lainnya/ Other Operations		
HASIL						RESULTS
Laba segmen	1.040.499.421	(47.136.021)	(52.140)	(9.634.724)	983.676.536	Segmen profit
Beban Perusahaan dan Entitas Anak yang tidak dapat dialokasikan					(100.501.398)	Unallocated expenses of the Company and Subsidiaries
Eliminasi biaya					269.678	Expenses elimination
Pendapatan lain-lain					20.878.662	Other income
Beban lain-lain					(6.166.815)	Other expenses
Laba Operasi					898.156.663	Operating Profit
Rugi kurs - neto					(26.249.402)	Loss on foreign exchange - net
Rugi perubahan nilai wajar derivatif - neto					(1.308.732)	Loss on change in fair value of derivative - net
Bagian rugi dari entitas asosiasi					(6.022.062)	Share in loss of the associates
Pendapatan keuangan					35.107.116	Finance income
Beban keuangan					(27.709.566)	Finance cost
Laba Sebelum Beban Pajak					871.974.017	Profit Before Tax Expense
Manfaat (beban) Pajak Kini					(177.981.985)	Tax benefit (expense) Current
Tangguhan					7.908.487	Deferred
Beban Pajak - Neto					(170.073.498)	Tax Expense - Net
LABA TAHUN BERJALAN					701.900.519	PROFIT FOR THE YEAR
						OTHER
PENDAPATAN KOMPREHENSIF LAIN						COMPREHENSIVE INCOME
Aset keuangan tersedia untuk dijual					1.119.417	Available-for-sale financial assets
Selisih kurs karena penjabaran laporan keuangan dalam Entitas Anak, neto					(562.756)	Difference in foreign currency translation of the financial statements of Subsidiaries, net
Sub-total					556.661	Sub-total
Pajak penghasilan terkait					-	Income tax effect
KERUGIAN KOMPREHENSIF LAIN SETELAH PAJAK					556.661	TOTAL OTHER COMPREHENSIVE LOSS AFTER TAX
TOTAL LABA KOMPREHENSIF TAHUN BERJALAN					702.457.180	TOTAL COMPREHENSIVE INCOME FOR THE YEAR
LABA TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:						PROFIT FOR THE YEAR ATTRIBUTABLE TO:
Pemilik entitas induk					680.804.733	Owners of the parent entity
Kepentingan nonpengendali					21.095.786	non-controlling interests
Total					701.900.519	Total
TOTAL LABA KOMPREHENSIF TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:						TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:
Pemilik entitas induk					681.357.195	Owners of the parent entity
Kepentingan nonpengendali					21.099.985	non-controlling interests
Total					702.457.180	Total
ASET SEGMENT						SEGMENT ASSETS
Aset Segmen	425.149.556	1.362.795.984	4.299.030	19.386.773	1.811.631.343	Segment assets
Aset Perusahaan dan Entitas Anak yang tidak dapat dialokasikan					1.588.545.662	Unallocated assets of the Company and Subsidiaries
Total Aset yang Dikonsolidasikan					3.400.177.005	Total Consolidated Assets

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44. SEGMENT INFORMATION (continued)

2011						
	Distribusi/ <i>Distribution</i>	Transmisi/ <i>Transmission</i>	Eksplorasi Minyak dan Gas/ <i>Exploration of Oil and Gas</i>	Operasi Lainnya/ <i>Other Operations</i>	Konsolidasian/ <i>Consolidation</i>	
LIABILITAS SEGMENT						SEGMENT LIABILITIES
Liabilitas Segment	23.434.437	27.124.519	90.013	2.031.535	52.680.504	<i>Segment liabilities</i>
Liabilitas Perusahaan dan Entitas Anak yang tidak dapat dialokasikan					1.468.139.232	<i>Unallocated liabilities of the Company and Subsidiaries</i>
Total Liabilitas yang Dikonsolidasikan					1.520.819.736	Total Consolidated Liabilities
INFORMASI LAINNYA						OTHER INFORMATION
Pengeluaran Modal	31.622.654	23.050.844	62.283	47.747.884	102.483.665	<i>Capital Expenditures</i>
Penyusutan Perusahaan dan Entitas Anak yang tidak dapat dialokasikan	33.343.304	148.365.801	501	2.248.710	183.958.316	<i>Depreciation Unallocated depreciation of the Company and Subsidiaries</i>
					8.869.490	
Total Penyusutan yang Dikonsolidasikan					192.827.806	Total Consolidated Depreciation

Informasi konsolidasi menurut segmen usaha adalah sebagai berikut:

Consolidated information based on business segment is as follows:

2013				
Uraian	Pendapatan Neto/ <i>Net Revenues</i>	Nilai Tercatat Aset Segmen/ <i>Carrying Value of Segment Assets</i>	Penambahan Aset Tetap dan Properti Minyak dan Gas/ <i>Additions to Fixed Assets and Oil and Gas Properties</i>	Descriptions
Kantor pusat	-	-	258.801.156	<i>Head office</i>
SBU Distribusi Wilayah I. Jawa Bagian Barat	2.130.363.240	412.442.032	18.683.265	<i>SBU Distribution I. West Java</i>
SBU Distribusi Wilayah II. Jawa Bagian Timur	414.659.230	64.676.681	12.354.109	<i>SBU Distribution II. East Java</i>
SBU Distribusi Wilayah III. Sumatera Bagian Utara	210.780.630	41.055.580	10.556.329	<i>SBU Distribution III. North Sumatera</i>
SBU Transmisi Sumatera Jawa	15.691.794	668.109.407	12.339.516	<i>SBU Transmission Sumatera Jawa</i>
Transgasindo	164.048.040	493.277.481	8.483.163	<i>Transgasindo</i>
PGASKOM	10.341.994	14.683.937	277.292	<i>PGASKOM</i>
PGASSOL	6.356.156	25.834.588	1.712.540	<i>PGASSOL</i>
SEI	34.844.573	574.278.529	554.627.926	<i>SEI</i>
GEI	14.430.973	41.407.376	2.889.918	<i>GEI</i>
PLI	-	29.361.291	16.683	<i>PLI</i>
Total	3.001.516.630	2.365.126.902	880.741.897	Total

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44. INFORMASI SEGMENT USAHA (lanjutan)

Informasi konsolidasi menurut segmen usaha adalah sebagai berikut: (lanjutan)

44. SEGMENT INFORMATION (continued)

Consolidated information based on business segment is as follows: (continued)

2012				
Uraian	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	Descriptions
Kantor pusat	-	-	44.361.777	Head office
SBU Distribusi Wilayah I. Jawa Bagian Barat	1.675.526.011	354.703.797	34.384.969	SBU Distribution I. West Java
SBU Distribusi Wilayah II. Jawa Bagian Timur	438.133.928	82.572.368	9.439.127	SBU Distribution II. East Java
SBU Distribusi Wilayah III. Sumatera Bagian Utara	234.151.707	47.143.689	8.560.512	SBU Distribution III. North Sumatera
SBU Transmisi Sumatera Jawa	22.291.328	733.587.651	9.914.704	SBU Transmission Sumatera Jawa
Transgasindo	176.092.569	503.106.610	26.248.171	Transgasindo
PGASKOM	9.803.747	14.266.217	3.186.714	PGASKOM
PGASSOL	484.731	11.322.583	3.313.323	PGASSOL
SEI	-	4.236.174	53.391	SEI
GEI	23.750.119	27.257.205	93.428	GEI
PLI	-	38.663.178	43.765	PLI
Total	2.580.234.140	1.816.859.472	139.599.881	Total

2011				
Uraian	Pendapatan Neto/ Net Revenues	Nilai Tercatat Aset Segmen/ Carrying Value of Segment Assets	Penambahan Aset Tetap/ Additions to Fixed Assets	Descriptions
Kantor pusat	-	-	39.407.895	Head office
SBU Distribusi Wilayah I. Jawa Bagian Barat	1.430.992.655	308.739.766	21.101.986	SBU Distribution I. West Java
SBU Distribusi Wilayah II. Jawa Bagian Timur	385.711.416	71.345.520	6.242.546	SBU Distribution II. East Java
SBU Distribusi Wilayah III. Sumatera Bagian Utara	232.296.039	47.593.579	4.278.122	SBU Distribution III. North Sumatera
SBU Transmisi Sumatera Jawa	1.816.936	806.701.535	9.050.332	SBU Transmission Sumatera Jawa
Transgasindo	169.995.768	553.565.140	14.000.513	Transgasindo
PGASKOM	9.376.102	10.619.728	7.092.382	PGASKOM
PGASSOL	208.160	5.172.596	1.247.606	PGASSOL
SEI	-	4.239.238	62.283	SEI
GEI	-	3.654.241	-	GEI
Total	2.230.397.076	1.811.631.343	102.483.665	Total

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45. PERISTIWA SETELAH TAHUN PELAPORAN

Perusahaan

1. Tahap penyelesaian proyek 1, 2 dan 3 adalah sebagai berikut:

a. Proyek 1

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, persentase penyelesaian Proyek 1 dengan aspek penyelesaian fisik*) adalah sebagai berikut:

- Pembangunan EPCIC *pipeline* yang terdiri dari pipa *offshore*, stasiun Penerima *Onshore* (ORF) dan *Off-take Station* (OTS) di Labuhan Maringgai: 75,93% (tidak diaudit);
- Proyek Distribusi Lampung: 64,64% (tidak diaudit).

Persentase penyelesaian fisik*) dari pihak pembangun *vessel* adalah:

- Pembangunan *Floating Storage and Regasification Unit* (FSRU): 97,40% (tidak diaudit);
- Pembangunan fasilitas penambat FSRU (*mooring system*): 95,80% (tidak diaudit).

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, jumlah estimasi biaya Proyek 1 sebesar US\$311.445.039 (tidak diaudit).

Sampai dengan 31 Desember 2013, jumlah realisasi biaya Proyek 1 adalah US\$101.201.836 (tidak diaudit). Dengan demikian, persentase penyelesaian Proyek 1 dibandingkan dengan jumlah estimasi biaya proyek adalah sebesar 32,48% (tidak diaudit).

b. Proyek 2

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, persentase penyelesaian Proyek 2 dengan aspek penyelesaian fisik*), adalah sebagai berikut:

- Proyek Konsultan Manajemen (PMC) terkait proyek PCC dengan penyelesaian fisik sebesar 80,00% (tidak diaudit);

45. EVENTS AFTER THE REPORTING YEAR

The Company

1. The percentage of completion of projects 1, 2, and 3 are as follows:

a. Project 1

Up to the completion date of these consolidated financial statements, the percentage of physical completion*) of the project 1 are as follows:

- Construction of EPCIC *pipeline* which consist of *offshore pipeline*, *Onshore Receiving Facilities* (ORF) and *Off-take Station* (OTS) in Labuhan Maringgai: 75.93% (unaudited);
- Lampung Distribution Project: 64.64% (unaudited).

Physical completion aspect*) from the contractor of vessel are:

- Construction of *Floating Storage and Regasification Unit* (FSRU): 97.40% (unaudited);
- *Mooring system facility*: 95.80% (unaudited).

Up to the completion date of these consolidated financial statements, total estimated cost of Project 1 amounted to US\$311,445,039 (unaudited).

Up to December 31, 2013, the realization of project costs for Project 1 is US\$101,201,836 (unaudited). Therefore, the percentage of project completion for Project 1 compared to total estimated project costs is 32.48% (unaudited).

b. Project 2

Up to the completion date of these consolidated financial statements, the percentage of completion*) of Project 2 with physical completion aspect, are as follows:

- Project Management Consultant (PMC) related to PCC project with physical completion of 80.00% (unaudited);

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Perusahaan (lanjutan)

b. Proyek 2 (lanjutan)

- Paket CP8 terkait dengan pekerjaan konstruksi jalur pipa Panaran - Tanjung Uncang dengan penyelesaian fisik sebesar 97,00% (tidak diaudit).

Sampai dengan tanggal penyelesaian konsolidasian laporan keuangan ini, jumlah estimasi biaya Proyek 2 adalah sebesar US\$39.961.967 (tidak diaudit).

Sampai dengan 31 Desember 2013, jumlah realisasi biaya Proyek 2 adalah US\$28.929.420 (tidak diaudit). Dengan demikian, persentase penyelesaian Proyek 2 dibandingkan dengan jumlah estimasi biaya proyek adalah sebesar 77,98% (tidak diaudit).

c. Proyek 3

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, persentase penyelesaian Proyek 3 dengan aspek penyelesaian fisik*) adalah sebagai berikut:

- Pembangunan jaringan pipa Cikande – Bitung (CP3B): 97,39% (tidak diaudit);
- Pemasangan pipa baja diameter 24” Muara Bekasi - Muara Karang: 9,39% (tidak diaudit);

Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, jumlah estimasi biaya Proyek 3 adalah sebesar US\$233.810 (tidak diaudit).

Sampai dengan 31 Desember 2013, jumlah realisasi biaya Proyek 3 adalah US\$160.578 (tidak diaudit). Dengan demikian, persentase penyelesaian Proyek 3 dibandingkan dengan jumlah estimasi biaya proyek adalah sebesar 73,14% (tidak diaudit).

*) Aspek persentase penyelesaian fisik di atas merupakan persentase rata-rata dari pengadaan bahan material proyek dan penyelesaian konstruksi yang berasal dari laporan bulanan kontraktor.

**45. EVENTS AFTER THE REPORTING YEAR
(continued)**

The Company (continued)

b. Project 2 (continued)

- Package CP8 related to Panaran - Tanjung Uncang pipeline project with physical completion of 97.00% (unaudited).

Up to the completion date of these consolidated financial statements, total estimated cost of Project 2 amounted to US\$39,961,967 (unaudited).

Up to December 31, 2013, the realization of project costs for Project 2 is US\$28,929,420 (unaudited). Therefore, the percentage of project completion for Project 2 compared to total estimated project costs is 77.98% (unaudited).

c. Project 3

Up to the completion date of these consolidated financial statements, the percentage of physical completion*) of the Project 3 are as follows:

- Cikande - Bitung pipeline (CP3B) construction: 97.39% (unaudited);
- Fitting of steel pipe diam 24” on Muara Bekasi - Muara Karang: 9.39% (unaudited);

Up to the completion date of the consolidated financial statements, total estimated cost of Project 3 amounted to US\$233,810 (unaudited).

Up to December 31, 2013, the realization of project costs for Project 3 is US\$160,578 (unaudited). Therefore, the percentage of project completion for Project 3 compared to total estimated project costs is 73.14% (unaudited).

*) The above percentages of physical completion represent average percentage from procurement of project raw materials and construction completion come from monthly report of contractor.

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(lanjutan)**

Perusahaan (lanjutan)

2. Pada tanggal 13 Januari 2014, Perusahaan dengan PT ANZ Panin Bank (Bank ANZ) melakukan amandemen *Corporate Facility Agreement* dengan jumlah maksimum fasilitas sebesar US\$300.000.000 dengan ketentuan penggunaan keseluruhan dari semua jenis bank garansi (jaminan pembayaran, jaminan pembayaran uang muka, jaminan penawaran, jaminan pelaksanaan dan jaminan pemeliharaan) setiap saat tidak akan melebihi US\$100.000.000 dan penggunaan keseluruhan fasilitas pembiayaan modal kerja jangka pendek setiap saat tidak melebihi US\$200.000.000.
3. Pada tanggal 21 Februari 2014, Perusahaan, Rekind, Hoegh, Hoegh LNG Lampung (Hoegh LNG) dan PLI menandatangani Perjanjian Novasi atas *Amended and Restated Umbrella Agreement* dimana hak dan kewajiban Perusahaan terkait dengan perjanjian tersebut di atas beralih ke PLI dan hak dan kewajiban Hoegh beralih ke Hoegh LNG.
4. Pada tanggal 21 Februari 2014, Perusahaan, PLI dan Rekind menandatangani Perjanjian Novasi atas *The Amended and Restated Contract Agreement Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) of The Pipeline System for Lampung LNG Floating Storage and Regasification Facilities Project* dimana hak dan kewajiban Perusahaan terkait dengan perjanjian tersebut di atas beralih ke PLI.
5. Pada tanggal 21 Februari 2014, Perusahaan, PLI dan Hoegh LNG 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.

**45. EVENTS AFTER THE REPORTING YEAR
(continued)**

The Company (continued)

2. On January 13, 2014, the Company and PT ANZ Panin Bank (Bank ANZ) amended *Corporate Facility Agreement* with maximum aggregate facility in the amount of US\$300,000,000, whereby total utilization of all type of bank guarantee (payment guarantee, advance payment bond, bid bond, performance bond and retention bond) at any time shall not exceed US\$100,000,000 and total utilization of uncommitted a short-term working capital facility at any time shall not exceed US\$200,000,000.
3. On February 21, 2014, the Company, Rekind, Hoegh, Hoegh LNG Lampung (Hoegh LNG) and PLI entered into the *Novation Agreement for Amended and Restated Umbrella Agreement*, where the rights and obligations related to the above agreement of the Company will be transferred to PLI and the rights and obligations of Hoegh will be transferred to Hoegh LNG.
4. On February 21, 2014, the Company, PLI and Rekind entered into the *Novation Agreement for The Amended and Restated Contract Agreement Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) of The Pipeline System for Lampung LNG Floating Storage and Regasification Facilities Project*, where the rights and obligations related to the above agreement of the Company will be transferred to PLI.
5. On February 21, 2014, the Company, PLI and Hoegh LNG entered into the *Novation Agreement for Amended and Restated Lease, Operation and Maintenance Agreement*, where the rights and obligations related to the above agreement of the Company will be transferred to PLI.

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Perusahaan (lanjutan)

6. Pada tanggal 27 Februari 2014, Perusahaan dengan The Hongkong and Shanghai Banking Corporation Limited (HSBC) melakukan Perjanjian Pemberian Pinjaman No. JAK/140169/C/131114 dimana HSBC menyetujui untuk memberikan pinjaman bank jangka pendek kepada Perusahaan sebesar US\$200.000.000 untuk membiayai pembelian barang modal, dan investasi dan tujuan umum Perusahaan.
7. Pada tanggal 7 Maret 2014, Perusahaan dengan PT Nusantara Regas (NR) menandatangani Kesepakatan Bersama tentang Jual Beli Gas Hasil Proses Regasifikasi LNG untuk Pusat Listrik Muara Tawar dengan jumlah pengaliran gas maksimum sebesar 2.050 BBTU. Perjanjian ini berlaku sampai dengan 15 Juni 2014.
8. Berdasarkan Rapat Umum Pemegang Saham Tahunan, tanggal 27 Maret 2014, pemegang saham menyetujui keputusan-keputusan, sebagai berikut:
 - i. Menetapkan penggunaan laba tahun berjalan yang dapat diatribusikan kepada pemilik Entitas Induk Perusahaan untuk tahun buku 2013 berjumlah sebesar US\$860.533.234 diperuntukkan sebagai berikut:
 - a. Pembagian dividen tunai sebesar Rp5.100.024.084.438 atau Rp210,40 per saham kepada pemegang saham;
 - b. Sisanya akan dicatat sebagai cadangan
 - ii. Kepada Direksi diberikan wewenang untuk mengatur lebih lanjut tata cara pembagian dividen tersebut dan mengumumkannya dengan memperhatikan peraturan dan perundangan yang berlaku.

**45. EVENTS AFTER THE REPORTING YEAR
(continued)**

The Company (continued)

6. On February 27, 2014, the Company and The Hongkong and Shanghai Banking Corporation Limited (HSBC) entered into Loan Agreement No. JAK/140169/C/131114, HSBC agreed to provide short-term bank loan to the Company amounting to US\$200,000,000 to fund capital expenditure requirements, investments and corporate general purpose.
7. On March 7, 2014, the Company and PT Nusantara Regas (NR) entered into Gas Sales and Purchase Agreement from LNG Regassification for Electricity Power Centre Muara Tawar with amount of gas delivery amounting to 2,050 BBTU. This agreement is valid until June 15, 2014.
9. Based on the Company's Annual General Shareholders' Meeting, dated March 27, 2014, the shareholders ratified the following decisions, as follows:
 - i. Approved the use of profit for the year that is attributable to Owner of the Parent Entity for the financial year of 2013 in the amount of US\$860,533,234 to be utilized as follows:
 - a. Distribution of cash dividends of Rp5,100,024,084,438 or Rp210.40 per share to shareholders;
 - b. The remaining amount will be appropriated as reserve.
 - ii. To give authority to the Board of Directors to further prepare for the cash dividends distribution procedures and published it taking into consideration the prevailing laws and regulations.

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KONSOLIDASIAN
31 Desember 2013, 2012 dan 2011 dan Tahun Yang
Berakhir Pada Tanggal-tanggal Tersebut
(Disajikan dalam Dolar AS, kecuali dinyatakan lain)**

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**45. PERISTIWA SETELAH TAHUN PELAPORAN
(lanjutan)**

Perusahaan (lanjutan)

- iii. Para pemegang saham menyetujui susunan Dewan Komisaris dan Direksi Perusahaan yang baru sebagai berikut:

Dewan Komisaris

Komisaris Utama
Komisaris
Komisaris
Komisaris
Komisaris Independen
Komisaris Independen

Bayu Krisnamurthi
M. Zamkhani
Firmanzah
A. Edy Hermantoro
Widya Purnama
Pudja Sunasa

Dewan Direksi

Direktur Utama
Direktur Keuangan
Direktur Pengusahaan
Direktur Teknologi dan Pengembangan
Direktur Perencanaan Investasi dan
Manajemen Risiko
Direktur Sumber Daya Manusia dan
Umum

Hendi Prio Santoso
M. Riza Pahlevi Tabrani
Jobi Triananda Hasjim
Djoko Saputro
Muhammad Wahid Sutopo
Hendi Kusnadi

10. Pada tanggal 14 April 2014, Perusahaan dengan PT Bank Mizuho Indonesia (Bank Mizuho) melakukan Perjanjian Fasilitas Kredit No. 363/MA/MZH/0414 dimana Bank Mizuho menyetujui untuk memberikan pinjaman jangka pendek kepada Perusahaan senilai US\$100.000.000 untuk mendanai keperluan umum Perusahaan.

SEI, Entitas Anak

11. Pada tanggal 4 Januari 2014, SIP, Entitas Anak dari SEI, menandatangani Perjanjian Jual Beli untuk pengalihan 100% saham Hess (Indonesia Pangkah) Limited dan Hess Pangkah LLC dari Hess Oil and Gas Holding Inc. dan Hess NWE Holdings masing-masing sebesar US\$26.000.000 dan US\$27.440.646. Hess (Indonesia Pangkah) Limited dan Hess Pangkah LLC memiliki masing-masing 65% dan 10% *participating interest* di Blok Ujung Pangkah.

Pada tanggal 16 Januari 2014, Hess (Indonesia Pangkah) Limited dan Hess Pangkah LLC telah berganti nama menjadi Saka Indonesia Pangkah Limited dan Saka Pangkah LLC.

**45. EVENTS AFTER THE REPORTING YEAR
(continued)**

The Company (continued)

- iii. The shareholder approved the new composition of Boards of Commissioners and Directors of the Company's as follows:

Board of Commissioners

Chairman of the Board of Commissioners
Commissioner
Commissioner
Commissioner
Independent Commissioner
Independent Commissioner

Board of Directors

President Director
Director of Finance
Director of Operations
Director of Technology and Development
Director of Investment Planning and
Risk Management
Director of Human Resources and
General Affairs

10. On April 14, 2014, the Company and PT Bank Mizuho Indonesia (Bank Mizuho) entered in to Credit Facility Agreement No. 363/MA/MZH/0414, Bank Mizuho agreed to provide short-term loan to the Company amounting to US\$100,000,000 to finance the Company's general purpose.

SEI, Subsidiary

11. On January 4, 2014, SIP, a Subsidiary from SEI, signed a Sales and Purchase Agreement of 100% shares ownership transfer in Hess (Indonesia Pangkah) Limited and Hess Pangkah LLC from Hess Oil and Gas Holding Inc. and Hess NWE Holdings with enterprise value amounted to US\$26,000,000 and US\$27,440,646. Hess (Indonesia Pangkah) Limited and Hess Pangkah LLC have 65% and 10% *participating interest* in Ujung Pangkah Block, respectively.

On January 16, 2014, Hess (Indonesia Pangkah) Limited and Hess Pangkah LLC have been changed name to Saka Indonesia Pangkah Limited and Saka Pangkah LLC.

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**45. PERISTIWA SETELAH TAHUN PELAPORAN
(lanjutan)**

12. Pada tanggal 16 Januari 2014, PT Saka Lematang (SL), Entitas Anak dari SEI, menandatangani Perjanjian Jual Beli *participating interest* di Sumatera bagian tenggara dengan KNOC Sumatra Ltd. (KNOC) dimana KNOC sebagai penjual dan SL sebagai pembeli dengan nilai *participating interest* sebesar 8,91% senilai US\$46.000.000. Perjanjian pengalihan ini baru akan efektif setelah mendapatkan persetujuan tertulis dari Pemerintah Republik Indonesia dan SKK Migas (Catatan 10 dan 38.17).

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**45. EVENTS AFTER THE REPORTING YEAR
(continued)**

12. On January 16, 2014, PT Saka Lematang (SL), a Subsidiary from SEI, signed Sales and Purchase Agreement of *participating interest* in South East Sumatra with KNOC Sumatra Ltd. (KNOC) which KNOC as the seller and SL as the buyer with *participating interest* amounting to 8.91% amounting to US\$46,000,000. This agreement will be effective after written consent of Government of the Republic of Indonesia and SKK Migas (Notes 10 and 38.17).

ISSUER

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