PT PERTAMINA (PERSERO)
AND ITS SUBSIDIARIES

Unaudited interim consolidated financial statements
as of March 31, 2019
and for the three-month periods ended March 31, 2019 and 2018
with reports on review of interim financial information

Audited consolidated financial statements
As of December 31, 2018, 2017, and 2016
and for the years then ended
with independent auditors' reports

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2019 AND FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018
WITH REPORTS ON REVIEW OF INTERIM FINANCIAL INFORMATION
AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018, 2017, AND 2016 AND FOR THE YEARS THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT

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PERTAMINA

DIRECTORS' STATEMENT
REGARDING THE RESPONSIBILITY FOR
THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2019, AND FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018
AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018, 2017, AND 2016 AND FOR THE YEARS THEN ENDED

PT PERTAMINA (PERSERO) AND SUBSIDIARIES

We, the undersigned:

1.	Name	: Nicke Widyawati
	Office address	: Jl. Medan Merdeka Timur 1A Jakarta 10110
	Telephone	: 021 - 3815200
	Position	: President Director and CEO
2.	Name	: Pahala N. Mansury
	Office address	: Jl. Medan Merdeka Timur 1A Jakarta 10110
	Telephone	: 021 - 3815400
	Position	: Finance Director

declare best on our best knowledge and belief that:

1. We are responsible for the preparation and fair presentation of the following accompanying consolidated financial statements of PT Pertamina (Persero) and its subsidiaries (collectively referred to as the "Group") in accordance with Indonesian Financial Accounting Standard and for the related internal control as we determine is necessary to enable the preparations of such consolidated financial statements that are free from material misstatement whether due to fraud or error:
   - The unaudited interim consolidated financial statements as of March 31, 2019 and for the three-month periods ended March 31, 2019 and 2018; and
   - The audited consolidated financial statements as of December 31, 2018, 2017, and 2016 and for the years then ended.

2. All information contained in the accompanying consolidated financial statements have been adequately and correctly disclose; and

3. The accompanying consolidated financial statements do not contain false information or facts, or omit material information or facts.

Jakarta, July 15, 2019
PT Pertamina (Persero)

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ENAM RIBU RUPIAH

Nicke Widyawati	Pahala N. Mansury
President Director and CEO	**Finance Director**

SU 006/2013

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Purwantono, Sungkoro & Surja

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Report on Review of Interim Financial Information

Report No. 00041/2.1032/NS.0/02/0687-1/1/VII/2019

The Shareholder and the Boards of Commissioners and Directors
PT Pertamina (Persero)

We have reviewed the accompanying interim consolidated financial statements of PT Pertamina (Persero) (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as of March 31, 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the three-month periods ended March 31, 2019 and 2018, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

We conducted our reviews in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", established by the Indonesian Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of PT Pertamina (Persero) and its subsidiaries as of March 31, 2019, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2019 and 2018, in accordance with Indonesian Financial Accounting Standards.

Purwantono, Sungkoro & Surja
Registered Public Accountants KMK No. 603/KM.1/2015
A member firm of Ernst & Young Global Limited

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Report on Review of Interim Financial Information (continued)

Report No. 00041/2.1032/NS.0/02/0687-1/1/VII/2019 (continued)

Other matter

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 in the United States of America and outside of the United States of America in reliance on Rule 144A and Regulation S, respectively, under the United States Securities Act of 1933, and is not intended to be, and should not be, used for any other purposes.

KAP Purwantono, Sungkoro & Surja

Agung Purwanto
Public Accountant Registration No. AP.0687

July 15, 2019

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Purwantono, Sungkoro & Surja

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Independent Auditors' Report

Report No. 00042/2.1032/NS.1/02/0687-1/1/VII/2019

The Shareholder and the Boards of Commissioners and Directors
PT Pertamina (Persero)

We have audited the accompanying consolidated financial statements of PT Pertamina (Persero) (the "Company") and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2018, 2017, and 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the years 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 audits. We conducted our audits 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.

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.

Purwantono, Sungkoro & Surja
Registered Public Accountants KMK No. 603/KM.1/2015
A member firm of Ernst & Young Global Limited

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Independent Auditors' Report (continued)

Report No. 00042/2.1032/NS.1/02/0687-1/1/VII/2019 (continued)

Auditors' responsibility (continued)

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 Pertamina (Persero) and its subsidiaries as of December 31, 2018, 2017, and 2016, and their consolidated financial performance and cash flows for the years then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

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 in the United States of America and outside of the United States of America in reliance on Rule 144A and Regulation S, respectively, under the United States Securities Act of 1933, and is not intended to be, and should not be, used for any other purposes.

KAP Purwantono, Sungkoro & Surja

Agung Purwanto
Public Accountant Registration No. AP.0687

July 15, 2019

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2019 AND DECEMBER 31, 2018, 2017, AND 2016
(Expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	As of March 31, 2019 (Unaudited)	As of December 31, 2018	2017	2016
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	2g,2h,6	8,322,110	9,112,312	6,409,827	6,721,568
Restricted cash	2g,2h,7	109,337	108,915	119,671	122,697
Short-term investments	2h	298,421	225,199	249,282	130,820
Trade receivables	2h,2i				
Related parties	2f,41a	1,537,251	1,297,651	1,095,016	1,422,268
Third parties	8a	2,186,973	1,933,455	1,580,627	1,442,452
Due from the Government - current portion	2h,9	2,537,673	1,834,261	1,492,625	1,792,457
Other receivables	2h,2i				
Related parties	2f,41b	165,179	149,178	255,054	242,839
Third parties	8b	780,043	734,312	620,460	649,798
Inventories	2j,10	6,530,247	6,323,165	6,036,137	4,795,022
Prepaid taxes - current portion	2u,40a	499,661	820,598	794,255	567,621
Prepayments and advances	2k	703,100	534,987	476,326	503,382
Other investments	2h,11	85,089	80,171	27,328	43,190
Total Current Assets		**23,755,084**	**23,154,204**	**19,156,608**	**18,434,114**
NON-CURRENT ASSETS					
Due from the Government - net of current portion	2h,9	3,029,233	2,924,148	663,114	-
Deferred tax assets	2u,40e	1,428,753	1,441,866	1,371,080	751,463
Long-term investments	2h,2m,12	2,728,620	2,819,054	2,970,918	3,329,439
Fixed assets	2n,2o,13	12,640,777	12,859,274	12,439,511	12,156,785
Oil and gas and geothermal properties	2o,2p,14	18,541,847	18,614,286	18,031,374	16,397,662
Prepaid taxes - net of current portion	2u,40a	874,387	820,287	829,300	1,469,767
Other non-current assets	2h,15	2,086,495	2,085,333	1,977,470	1,436,864
Total Non-current Assets		**41,330,112**	**41,564,248**	**38,282,767**	**35,541,980**
TOTAL ASSETS		**65,085,196**	**64,718,452**	**57,439,375**	**53,976,094**

The accompanying notes form an integral part of these consolidated financial statements.

(Expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	As of March 31, 2019 (Unaudited)	As of December 31, 2018	2017	2016
LIABILITIES					
SHORT-TERM LIABILITIES					
Short-term loans	2h,16	3,671,397	4,347,035	452,879	230,293
Trade payables	2h				
Related parties	2f,41c	53,561	78,781	49,277	118,540
Third parties	17	3,236,534	3,597,777	3,900,121	3,290,665
Due to the Government - current portion	2h,18	1,725,693	1,207,743	1,050,619	952,545
Taxes payable	2u,40b				
Income taxes		521,418	467,605	308,803	475,576
Other taxes		299,803	258,405	250,533	251,553
Accrued expenses	2h,19	2,345,494	2,135,509	2,019,896	1,596,612
Long-term liabilities - current portion	2h,2o,20	423,322	420,577	365,959	722,200
Other payables	2h				
Related parties	2f,41d	38,772	54,011	56,625	50,947
Third parties		1,429,756	1,203,426	1,121,494	1,026,808
Deferred revenue - current portion	2r	169,848	202,013	260,838	177,499
Total Short-term Liabilities		**13,915,598**	**13,972,882**	**9,837,044**	**8,893,238**
LONG-TERM LIABILITIES					
Due to the Government net of current portion	2h,18	790,351	795,082	780,626	732,573
Deferred tax liabilities	2u,40e	3,354,850	3,307,406	2,848,152	2,528,517
Long-term liabilities - net of current portion	2h,2o,20	1,651,892	1,805,300	2,109,767	2,716,909
Bonds payable	2h,21	11,099,807	11,094,096	10,385,873	9,772,656
Employee benefits liabilities	2s,22	1,905,183	1,850,383	2,208,220	2,058,732
Provision for decommissioning and site restoration	2q,23	2,050,189	2,029,735	2,129,337	1,900,093
Deferred revenue - net of current portion	2r	77,289	74,623	42,716	65,715
Other non-current payables	2h	118,124	178,905	84,373	62,903
Total Long-term Liabilities		**21,047,685**	**21,135,530**	**20,589,064**	**19,838,098**
TOTAL LIABILITIES		**34,963,283**	**35,108,412**	**30,426,108**	**28,731,336**

The accompanying notes form an integral part of these consolidated financial statements.

(Expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	As of March 31, 2019 (Unaudited)	As of December 31, 2018	2017	2016
EQUITY					
Equity Attributable to Owners of the Parent Entity					
Share capital					
Authorized – 600,000,000 (2019 and 2018) and 200,000,000 (2017 and 2016) ordinary shares at par value of Rp1,000,000 (full amount) per share					
Issued and paid-up - 171,227,044 shares (2019 and 2018); 133,090,697 shares (2017 and 2016)	25a	16,191,204	16,191,204	13,417,047	13,417,047
Additional paid-in capital	25b	(924,296)	(924,296)	2,736	2,736
Merging entity's equity			-	1,804,579	1,801,742
Government contributed assets pending final clarification of status	26	401,120	401,120	1,361	1,361
Other equity components		208,641	607,564	487,699	664,617
Retained earnings	27				
- Appropriated		8,796,357	8,796,357	6,871,101	4,631,441
- Unappropriated		3,045,887	2,526,772	2,540,195	3,147,043
Total Equity Attributable to Owners of the Parent Entity		**27,718,913**	**27,598,721**	**25,124,718**	**23,665,987**
Non-controlling interests	2c,24	2,403,000	2,011,319	1,888,549	1,578,771
Total Equity		**30,121,913**	**29,610,040**	**27,013,267**	**25,244,758**
TOTAL LIABILITIES AND EQUITY		**65,085,196**	**64,718,452**	**57,439,375**	**53,976,094**

The accompanying notes form an integral part of these consolidated financial statements.

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018,
AND FOR THE YEARS ENDED DECEMBER 31 2018, 2017, AND 2016
(Expressed in thousands of United States Dollars, unless otherwise stated)

		For the three-month periods ended March 31,		For the years ended December 31,		
	Notes	2019 (Unaudited)	2018 (Unaudited)	2018	2017	2016
Sales and other operating revenues	**2r**					
Domestic sales of crude oil, natural gas, geothermal energy and oil products	28	10,317,993	10,713,999	44,742,511	39,788,784	35,841,696
Subsidy reimbursements from the Government	29	1,212,497	1,342,764	5,632,468	3,572,084	2,568,844
Export of crude oil, natural gas and oil products	30	867,334	747,940	3,636,953	1,874,281	968,371
Marketing fees		2,901	1,782	15,432	25,474	(257,485)
Revenues from other operating activities	31	269,462	325,387	3,906,207	740,100	690,511
TOTAL SALES AND OTHER OPERATING REVENUES		**12,670,187**	**13,131,872**	**57,933,571**	**46,000,723**	**39,811,937**
Cost of sales and other direct costs	**2r**					
Cost of goods sold	32	(9,013,146)	(9,632,018)	(42,787,916)	(33,175,656)	(26,180,963)
Upstream production and lifting costs	33	(1,160,904)	(1,224,063)	(4,386,516)	(3,421,207)	(3,270,000)
Exploration costs	34	(25,750)	(63,839)	(267,680)	(165,356)	(109,196)
Expenses from other operating activities	35	(377,431)	(300,085)	(1,271,977)	(862,962)	(703,492)
TOTAL COST OF SALES AND OTHER DIRECT COSTS		**(10,577,231)**	**(11,220,005)**	**(48,714,089)**	**(37,625,181)**	**(30,263,651)**
GROSS PROFIT		**2,092,956**	**1,911,867**	**9,219,482**	**8,375,542**	**9,548,286**
Selling and marketing expenses	2r,36	(445,953)	(294,233)	(1,642,831)	(1,590,202)	(1,339,566)
General and administrative expenses	2r,37	(394,793)	(281,235)	(1,329,911)	(1,598,934)	(1,509,290)
Gain (loss) on foreign exchange - net	2r,2t	119,907	(67,505)	19,622	58,137	(57,521)
Finance income	2r,38	145,872	48,046	256,573	233,074	336,634
Finance costs	2r,38	(241,459)	(204,360)	(835,238)	(817,711)	(770,518)
Share in net profit of associates and joint ventures	2c,2r	15,773	124,893	122,724	37,904	18,722
Other income (expenses) - net	2r,39	(98,670)	179,927	(80,825)	(830,582)	(877,864)
		(899,323)	(494,467)	(3,489,886)	(4,508,314)	(4,199,403)
PROFIT BEFORE INCOME TAX		**1,193,633**	**1,417,400**	**5,729,596**	**3,867,228**	**5,348,883**
Income tax expense - net	2u,40c	(620,276)	(729,633)	(3,013,202)	(1,166,824)	(1,877,649)
PROFIT FOR THE PERIOD/YEAR AFTER THE EFFECT OF MERGING ENTITY'S INCOME ADJUSTMENT		**573,357**	**687,767**	**2,716,394**	**2,700,404**	**3,471,234**

The accompanying notes form an integral part of these consolidated financial statements.

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME (continued)
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018,
AND FOR THE YEARS ENDED DECEMBER 31 2018, 2017, AND 2016
(Expressed in thousands of United States Dollars, unless otherwise stated)

		For the three-month periods ended March 31,		For the years ended December 31,		
	Notes	2019 (Unaudited)	2018 (Unaudited)	2018	2017	2016
PROFIT FOR THE PERIOD/YEAR AFTER THE EFFECT OF MERGING ENTITY'S INCOME ADJUSTMENT		**573,357**	**687,767**	**2,716,394**	**2,700,404**	**3,471,234**
OTHER COMPREHENSIVE (LOSS) INCOME						
Items not to be reclassified to profit or loss in subsequent periods (net of tax):						
Remeasurement of net defined benefit liability	2s	(28,672)	75,549	228,498	(129,059)	(73,373)
Items to be reclassified to profit or loss in subsequent periods (net of tax):						
Foreign exchange difference from translation of financial statements in foreign currency	2c,2t	36,413	5,433	(79,561)	7,060	14,684
Share of other comprehensive Income (loss) of associates	2c,2m	(69,225)	(21,280)	(130,775)	(25,134)	1,482
Other comprehensive income (loss) - net of tax		**(61,484)**	**59,702**	**18,162**	**(147,133)**	**(57,207)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR AFTER THE EFFECT OF MERGING ENTITY'S INCOME ADJUSTMENT		**511,873**	**747,469**	**2,734,556**	**2,553,271**	**3,414,027**
Adjustment of merging entity's income:						
Owners of the parent entity		-	(45,770)	(45,770)	(81,537)	(173,339)
Non-controlling interests	2c	-	(34,585)	(34,585)	(66,248)	(135,241)
		-	**(80,355)**	**(80,355)**	**(147,785)**	**(308,580)**
PROFIT FOR THE PERIOD/YEAR BEFORE THE EFFECT OF MERGING ENTITY'S INCOME ADJUSTMENT ATTRIBUTABLE TO:						
Owners of the parent entity		519,115	534,581	2,526,772	2,540,195	3,147,043
Non-controlling interests	2c	54,242	72,831	109,267	12,424	15,611
		573,357	**607,412**	**2,636,039**	**2,552,619**	**3,162,654**
Adjustment of merging entity's comprehensive income:						
Owners of the parent		-	(42,546)	(42,546)	(80,710)	(176,957)
Non-controlling interests	2c	-	(32,682)	(32,682)	(65,549)	(138,292)
		-	**(75,228)**	**(75,228)**	**(146,259)**	**(315,249)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR BEFORE EFFECT OF MERGING ENTITY'S INCOME ADJUSTMENT ATTRIBUTABLE TO:						
Owners of the parent		120,192	608,221	2,536,559	2,363,277	3,081,541
Non-controlling interests	2c	391,681	64,020	122,769	43,735	17,237
		511,873	**672,241**	**2,659,328**	**2,407,012**	**3,098,778**

The accompanying notes form an integral part of these consolidated financial statements.

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2019 AND 2018, AND THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016
(Expressed in thousands of United States Dollars, unless otherwise stated)

		Attributable to owners of the parent entity											
							Other equity components		Retained earnings				
	Notes	Issued and paid-up capital	Advance for share issuance	Merging entities equity	Additional paid in capital	Government contributed assets pending final clarification of status	Differences arising from translation of non US$ currency financial statements	Other compre-hensive income	Appropriated	Unappropriated	Total	Non-controlling interests	Total equity
Balance as of January 1, 2016/ December 31, 2015		**9,864,901**	**3,552,146**	**1,720,396**	**2,736**	**1,361**	**(321,181)**	**1,051,300**	**3,710,670**	**1,420,220**	**21,002,549**	**1,495,494**	**22,498,043**
Adjustment of merging entity's comprehensive income for the year		-	-	176,957	-	-	-	-	-	-	176,957	138,292	315,249
Adjustment of merging entity's other equity transaction		-	-	(95,611)	-	-	-	-	-	-	(95,611)	(72,252)	(167,863)
Differences arising from translation of non-US Dollar currency financial statements	2c,2t	-	-	-	-	-	16,980	-	-	-	16,980	(3,181)	13,799
Other comprehensive income from associates		-	-	-	-	-	-	(6,144)	-	-	(6,144)	4,270	(1,874)
Remeasurements of net defined benefit liability	2s	-	-	-	-	-	-	(76,338)	-	-	(76,338)	537	(75,801)
Dividends declared	2aa,27	-	-	-	-	-	-	-	-	(499,449)	(499,449)	-	(499,449)
Appropriation of other reserves	27	-	-	-	-	-	-	-	920,771	(920,771)	-	-	-
Capitalization of advance for share issuance		3,552,146	(3,552,146)	-	-	-	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-	-	3,147,043	3,147,043	15,611	3,162,654
Balance as of December 31, 2016		**13,417,047**	**-**	**1,801,742**	**2,736**	**1,361**	**(304,201)**	**968,818**	**4,631,441**	**3,147,043**	**23,665,987**	**1,578,771**	**25,244,758**

The accompanying notes form an integral part of these consolidated financial statements.

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2019 AND 2018, AND THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016
(Expressed in thousands of United States Dollars, unless otherwise stated)

		Attributable to owners of the parent entity										
						Other equity components		Retained earnings				
	Notes	Issued and paid-up capital	Merging entity's equity	Additional paid-in capital	Government contributed assets pending final clarification of status	Differences arising from translation of non US$ currency financial statements	Other compre-hensive income	Appropriated	Unappropriated	Total	Non-controlling interests	Total equity
Balance as of January 1, 2017/ December 31, 2016		**13,417,047**	**1,801,742**	**2,736**	**1,361**	**(304,201)**	**968,818**	**4,631,441**	**3,147,043**	**23,665,987**	**1,578,771**	**25,244,758**
Impact of consolidated beginning balance of non-controlling interest Etablissements Maurel et Prom SA		-	-	-	-	-	-	-	-	-	252,158	252,158
Adjustment of merging entity's comprehensive income for the year		-	80,710	-	-	-	-	-	-	80,710	65,549	146,259
Adjustment of merging entity's other equity transaction		-	(77,873)	-	-	-	-	-	-	(77,873)	(51,664)	(129,537)
Differences arising from translation of non-US Dollar currency financial statements	2c,2t	-	-	-	-	1,225	-	-	-	1,225	3,271	4,496
Other comprehensive income from associates		-	-	-	-	-	(55,421)	-	-	(55,421)	28,050	(27,371)
Remeasurements of net defined benefit liability	2s	-	-	-	-	-	(122,722)	-	-	(122,722)	(10)	(122,732)
Dividends declared	2aa,27	-	-	-	-	-	-	-	(907,383)	(907,383)		(907,383)
Appropriation of other reserves	27	-	-	-	-	-	-	2,239,660	(2,239,660)	-	-	-
Profit for the year		-	-	-	-	-	-	-	2,540,195	2,540,195	12,424	2,552,619
Balance as of December 31, 2017		**13,417,047**	**1,804,579**	**2,736**	**1,361**	**(302,976)**	**790,675**	**6,871,101**	**2,540,195**	**25,124,718**	**1,888,549**	**27,013,267**

The accompanying notes form an integral part of these consolidated financial statements.

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2019 AND 2018, AND THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016
(Expressed in thousands of United States Dollars, unless otherwise stated)

		Attributable to owners of the parent entity										
						Other equity components		Retained earnings				
	Notes	Issued and paid-up capital	Merging entities equity	Additional paid in capital	Government contributed assets pending final clarification of status	Differences arising from translation of non US$ currency financial statements	Other compre-hensive income	Appropriated	Unappropriated	Total	Non-controlling interests	Total equity
Balance as of January 1, 2018/ December 31, 2017		**13,417,047**	**1,804,579**	**2,736**	**1,361**	**(302,976)**	**790,675**	**6,871,101**	**2,540,195**	**25,124,718**	**1,888,549**	**27,013,267**
Adjustment of merging entity's comprehensive income for the year		-	42,546	-	-	-	-	-	-	42,546	32,682	75,228
Change in ownership in PT Asuransi Tugu Pratama Indonesia Tbk and PT Pertamina Internasional Eksplorasi dan Produksi		-	-	-	-	-	-	-	-	-	-	-
Capitalization of advance for share issuance		2,774,157	(1,847,125)	(927,032)	-	-	-	-	-	-	-	-
Government assistance whose status has not been determined	26	-	-	-	-	-	-	-	-	-	-	-
Differences arising from translation of non-US Dollar financial statements	2c,2t	-	-	-	-	(1,560)	-	-	-	(1,560)	6,993	5,433
Other comprehensive income from associates		-	-	-	-	-	34,637	-	-	34,637	(55,917)	(21,280)
Remeasurements of net defined benefit liability	2s	-	-	-	-	-	68,119	-	-	68,119	7,430	75,549
Dividends declared	2aa,27	-	-	-	-	-	-	-	-	-	-	-
Appropriation of other reserves	27	-	-	-	-	-	-	-	-	-	-	-
Profit for the period		-	-	-	-	-	-	-	534,581	534,581	72,831	607,412
Balance as of March 31, 2018 (unaudited)		**16,191,204**	**-**	**(924,296)**	**1,361**	**(304,536)**	**893,431**	**6,871,101**	**3,074,776**	**25,803,041**	**1,952,568**	**27,755,609**

The accompanying notes form an integral part of these consolidated financial statements.

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2019 AND 2018, AND THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016
(Expressed in thousands of United States Dollars, unless otherwise stated)

		Attributable to owners of the parent entity				Other equity components		Retained earnings				
	Notes	Issued and paid-up capital	Merging entities equity	Additional paid in capital	Government contributed assets pending final clarification of status	Differences arising from translation of non US$ currency financial statements	Other compre-hensive income	Appropriated	Unappropriated	Total	Non-controlling interests	Total equity
Balance as of January 1, 2018/ December 31, 2017		**13,417,047**	**1,804,579**	**2,736**	**1,361**	**(302,976)**	**790,675**	**6,871,101**	**2,540,195**	**25,124,718**	**1,888,549**	**27,013,267**
Adjustment of merging entity's comprehensive income for the year		-	42,546	-	-	-	-	-	-	42,546	32,682	75,228
Change in ownership in PT Asuransi Tugu Pratama Indonesia Tbk and PT Pertamina Internasional Eksplorasi dan Produksi		-	-	-	-	-	13,710	-	-	13,710	68,814	82,524
Capitalization of advance for share issuance		2,774,157	(1,847,125)	(927,032)	-	-	-	-	-	-	-	-
Government contributed assets pending final clarification of status	26	-	-	-	399,759	-	-	-	-	399,759	-	399,759
Differences arising from translation of non-US Dollar currency financial statements	2c,2t	-	-	-	-	(59,338)	-	-	-	(59,338)	(20,223)	(79,561)
Other comprehensive income from associates		-	-	-	-	-	(69,138)	-	-	(69,138)	(61,637)	(130,775)
Remeasurements of net defined benefit liability	2s	-	-	-	-	-	234,631	-	-	234,631	(6,133)	228,498
Dividends declared	2aa,27	-	-	-	-	-	-	-	(614,939)	(614,939)	-	(614,939)
Appropriation of other reserves	27	-	-	-	-	-	-	1,925,256	(1,925,256)	-	-	-
Profit for the year		-	-	-	-	-	-	-	2,526,772	2,526,772	109,267	2,636,039
Balance as of December 31, 2018		**16,191,204**	**-**	**(924,296)**	**401,120**	**(362,314)**	**969,878**	**8,796,357**	**2,526,772**	**27,598,721**	**2,011,319**	**29,610,040**

The accompanying notes form an integral part of these consolidated financial statements.

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2019 AND 2018, AND THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016
(Expressed in thousands of United States Dollars, unless otherwise stated)

		Attributable to owners of the parent entity									
					Other equity components		Retained earnings				
	Notes	Issued and paid-up capital	Additional paid in capital	Government contributed assets pending final clarification of status	Differences arising from translation of non US$ currency financial statements	Other comprehensive income	Appropriated	Unappropriated	Total	Non-controlling interests	Total equity
Balance as of January 1, 2019/ December 31, 2018		**16,191,204**	**(924,296)**	**401,120**	**(362,314)**	**969,878**	**8,796,357**	**2,526,772**	**27,598,721**	**2,011,319**	**29,610,040**
Merging entities Income		-	-	-	-	-	-	-	-	-	-
Change in ownership in PT Asuransi Tugu Pratama Indonesia Tbk and PT Pertamina Internasional Eksplorasi dan Produksi		-	-	-	-	-	-	-	-	-	-
Capitalization of advance for share issuance		-	-	-	-	-	-	-	-	-	-
Government assistance whose status has not been determined	26	-	-	-	-	-	-	-	-	-	-
Differences arising from translation of financial statements	2c,2t	-	-	-	6,617	-	-	-	6,617	29,796	36,413
Other comprehensive income from associates		-	-	-	-	(376,695)	-	-	(376,695)	307,470	(69,225)
Remeasurements of net defined benefit liability	2s	-	-	-	-	(28,845)	-	-	(28,845)	173	(28,672)
Dividends declared	2aa,27	-	-	-	-	-	-	-	-	-	-
Appropriation of other reserves	27	-	-	-	-	-	-	-	-	-	-
Profit for the period		-	-	-	-	-	-	519,115	519,115	54,242	573,357
Balance as of March 31, 2019 (unaudited)		**16,191,204**	**(924,296)**	**401,120**	**(355,697)**	**564,338**	**8,796,357**	**3,045,887**	**27,718,913**	**2,403,000**	**30,121,913**

The accompanying notes form an integral part of these consolidated financial statements.

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018,
AND FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016
(Expressed in thousands of United States Dollars, unless otherwise stated)

		For the three-month periods ended March 31,		For the years ended December 31,		
	Notes	2019 (Unaudited)	2018 (Unaudited)	2018	2017	2016
Cash flows from operating activities:						
Cash receipts from customers		11,953,530	12,316,075	48,878,496	40,220,288	42,723,514
Cash receipts from government		974,048	1,136,939	7,805,648	3,787,855	3,722,302
Cash receipts from tax restitutions		3,050	1,886	185,016	616,698	39,492
Payments to suppliers		(8,877,812)	(10,055,046)	(38,227,640)	(29,261,802)	(29,211,891)
Payments to the government		(2,250,141)	(2,337,354)	(11,279,557)	(7,524,628)	(5,173,462)
Payments of corporate income taxes		(642,787)	(567,484)	(2,688,175)	(2,100,297)	(2,009,016)
Cash paid to employees and management		(445,179)	(487,357)	(1,640,855)	(1,540,805)	(1,321,422)
Receipts from (placement of) restricted cash		30	(18,792)	73,109	(156,047)	(494,035)
Receipts of interest		43,772	20,547	63,327	35,616	115,711
Net cash generated from operating activities		**758,511**	**9,414**	**3,169,369**	**4,076,878**	**8,391,193**
Cash flows from investing activities:						
Proceeds from disposal of short-term investments		24,637	25,050	198,439	99,870	45,807
Proceeds from disposal of long-term investments		-	-	-	15,801	4,647
Interest received from investments		1,945	5,835	13,784	18,240	3,987
Cash receipts from other investing activities		2,055	84,677	262,222	28,681	-
Proceeds from sale of fixed assets		153	157	176	102	2,161
Dividends received form associates		6	2,313	214,083	81,648	233,632
Purchases of fixed assets		(196,019)	(163,504)	(1,287,975)	(981,944)	(1,012,676)
Purchases of oil and gas, and geothermal properties		(421,640)	(257,670)	(1,482,518)	(891,964)	(1,365,114)
Placements in long-term invesments		(26,742)	(22,744)	(1,062,244)	(659,992)	(336,518)
Placements in short-term investments		(17,203)	(35,382)	(237,577)	(226,322)	(142,759)
Payments for exploration and evaluation assets		(4,609)	(7,803)	(99,538)	(37,200)	(18,438)
Placement of restricted cash		(5)	(5)	(22,614)	(29,433)	(10,286)
Addition of participating interest		-	-	-	-	(23,796)
Cash obtained due to change of control		-	-	-	203,230	-
Net cash used in investing activities		**(637,422)**	**(369,076)**	**(3,503,762)**	**(2,379,283)**	**(2,619,353)**

The accompanying notes form an integral part of these consolidated financial statements.

(Expressed in thousands of United States Dollars, unless otherwise stated)

		For the three-month periods ended March 31,		For the years ended December 31,		
	Notes	2019 (Unaudited)	2018 (Unaudited)	2018	2017	2016
Cash flows from financing activities:						
Proceeds from short-term loans	46	1,079,269	830,348	9,489,219	4,039,533	2,377,255
Proceeds from bond issuance	46	-	-	734,407	-	-
Proceeds from long-term loans	46	51,280	44,381	255,931	1,288,204	1,674,448
Repayments of short-term loans	46	(1,885,742)	(830,262)	(5,583,278)	(3,786,723)	(4,057,881)
Repayments of long-term loans	46	(182,169)	(201,764)	(465,351)	(2,109,038)	(2,248,368)
Dividend payments	27,46	-	-	(585,755)	(867,751)	(554,859)
Payments of finance costs		(18,082)	(15,857)	(538,489)	(523,147)	(530,823)
Repayments of bonds	46	-	-	(37,649)	-	(139,756)
Receipts from (placement of) restricted cash		(725)	105	(312)	(13,249)	394
Net cash generated from (used in) financing activities		**(956,169)**	**(173,049)**	**3,268,723**	**(1,972,171)**	**(3,479,590)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(835,080)**	**(532,711)**	**2,934,330**	**(274,576)**	**2,292,250**
Effect of exchange rate changes on cash and cash equivalents		44,878	(44,652)	(231,845)	(37,165)	20,652
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**6**	**9,112,312**	**6,409,827**	**6,409,827**	**6,721,568**	**4,408,666**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**6**	**8,322,110**	**5,832,464**	**9,112,312**	**6,409,827**	**6,721,568**

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL

a. PT Pertamina (Persero) ("the Company")

i. Company profile

The Company was established in accordance with Notarial Deed No. 20 dated September 17, 2003 of Lenny Janis Ishak, S.H. The Company's deed of establishment was approved by the Minister of Law and Human Rights through Letter No. C-24025 HT.01.01.TH.2003 dated October 9, 2003 and through Circular Letter No. 93 attachments No. 11620 dated November 21, 2003. The establishment of the Company is based on Law No. 1 Year 1995 dated March 7, 1995 regarding Limited Liability Company ("PT"), Government Regulation ("PP") No. 12 Year 1998 dated January 17, 1998 regarding the Company (Persero), and PP No. 45 Year 2001 dated June 5, 2001 regarding Amendments to PP No. 12 Year 1998, Law No. 22 Year 2001 dated November 23, 2001 regarding Oil and Gas, Law No. 19 Year 2003 dated June 19, 2003 regarding State-Owned Enterprises ("BUMN"), and PP No. 31 Year 2003 dated June 18, 2003 regarding changes in the status of Perusahaan Pertambangan Minyak dan Gas Bumi Negara (Pertamina, "the former Pertamina Entity") to a state Enterprise (Persero).

The Company's Articles of Association have been amended several times. The latest amendment was made to increase the authorized capital of the Company, under Notarial Deed No. 29 dated April 13, 2018 of Aulia Taufani, S.H., which was approved by the Minister of Law and Human Rights through Decision Letter No. AHU-0008395.AH.01.02. Year 2018 dated April 13, 2018.

In accordance with PP No. 31 Year 2003, all rights and obligations arising from contracts and agreements entered between the former Pertamina Entity and third parties, provided these are not contrary to Law No. 22 Year 2001, were transferred to the Company. In accordance with PP No. 31 Year 2003, the objective of the Company is to engage in the oil and gas business in domestic and foreign markets and in other related business activities. In conducting its business, the Company's objective is to generate income and contribute to the improvement of the economy for the benefit of the people of Indonesia.

At the date of establishment of the Company, all oil and gas and geothermal energy activities of the former Pertamina Entity, including joint operations with other companies, were transferred to the Company. These businesses have been transferred to the Company's subsidiaries. All employees of the former Pertamina Entity became employees of the Company.

ii. Business activities and principal address

In accordance with its Articles of Association under Notarial Deed No. 29 dated April 13, 2018 of Aulia Taufani, S.H., which was registered by the Minister of Law and Human Rights through its Letter No. AHU-0008395.AH.01.02. Year 2018 dated April 13, 2018, the Company shall conduct the following main business:

a. Operate in exploration activities of oil and gas;
b. Operate in exploitation activities of oil and gas;
c. Carry out activities in electrical energy, including but not limited to the exploration and exploitation of geothermal energy, geothermal electricity power plant ("PLTP"), gas power plant ("PLTG") and electricity energy produced by the Company;
d. Implement refining activities that produce fuel oil, special fuel, non-fuel, petrochemicals, gas fuel, Liquified Natural Gas ("LNG") and Gas to Liquid ("GTL") result/other product either and products or intermediate products;
e. Conduct activities of the procurement of raw materials, processing, transportation, storage and trading of Biofuels;
f. Conduct operational activities, which includes the transport of petroleum, natural gas, fuel oil, fuel gas and/or result/other products for commercial purposes;
g. Carry out storage activities which includes the reception, the collection and spending of petroleum reservoirs, fuel oil, fuel gas and/or result/other products for commercial purposes;
h. Carry out commercial trade activities which includes the purchase, sale, export and import of petroleum, fuel oil, fuel gas and/or result/other products; the distribution of natural gas through pipelines including commercial electrical energy produced by the Company; and
i. Conduct developmental activities, exploration, production and trading of new and renewable energy, among others, Coal Bed Methane ("CBM"), liquified coal, gasified coal, shale gas, shale oil, bio fuel, diesel fuel, wind energy and biomass.

(Expressed in thousands of United States Dollars, unless otherwise stated)

1. GENERAL (continued)

a. PT Pertamina (Persero) (the Company) (continued)

ii. Business activities and principal address (continued)

In addition to the above main business activities, the Company may conduct business in order to optimize the utilization of available resources as follows:

a. Trading house, real estate, warehousing, tourism, resort, sports and recreation, rest areas, hospitals, education, research, infrastructure, telecommunications, rental services and operation of facilities and infrastructure owned by the Company, the freeway (toll) and shopping centre/mall;
b. Management of Special Economic Zones;
c. Industrial complex management; and
d. Other business activities and association to support its main business.

The Company has processing activities which include the processing of crude oil into oil products and production of Liquified Petroleum Gas ("LPG") and petrochemicals (paraxylene and propylene). The Company owns six Refinery Units ("RU") with installed processing capacities as follows:

RU	Installed processing capacity of crude oil (barrels/day) (unaudited)
RU II - Dumai and Sungai Pakning, Riau	170,000
RU III - Plaju and Sungai Gerong, South Sumatera	133,700
RU IV - Cilacap, Central Java	348,000
RU V - Balikpapan, East Kalimantan	260,000
RU VI - Balongan, West Java	125,000
RU VII - Kasim, West Papua	10,000

The Company, through its subsidiaries, also conduct certain business activities as disclosed in Notes 1b and 43.

The Company's head office is located at Jl. Medan Merdeka Timur No. 1A, Jakarta, Indonesia.

iii. The Company's Board of Commissioners and Board of Directors

As of March 31, 2019, and December 31, 2018, 2017, and 2016, the composition of the Company's Board of Commissioners are as follows:

		December 31,		
	March 31, 2019[a]	2018[a]	2017[b]	2016[c]
President Commissioner	Tanri Abeng[d]	Tanri Abeng[d]	Tanri Abeng[d]	Tanri Abeng[d]
Vice President Commissioner	Arcandra Tahar	Arcandra Tahar	Arcandra Tahar	Arcandra Tahar
Commissioner	Sahala Lumban Gaol	Sahala Lumban Gaol	Sahala Lumban Gaol	Sahala Lumban Gaol
Commissioner	Suahasil Nazara	Suahasil Nazara	Suahasil Nazara	Suahasil Nazara
Commissioner	Ahmad Bambang	Ahmad Bambang	Edwin Hidayat Abdullah	Edwin Hidayat Abdullah
Commissioner	Alexander Lay	Alexander Lay	Alexander Lay	-
Commissioner	Ego Syahrial	Ego Syahrial	-	-

[a] Based on resolution No. SK-142/MBU/05/2018 of the General Meeting Shareholder ("GMS") dated May 30, 2018
[b] Based on resolution No. SK-194/MBU/09/2017 of the GMS dated September 12, 2017
[c] Based on resolution No. SK-68/MBU/03/2016 of the GMS dated March 29, 2016 and No. SK-254/MBU/11/2016 dated November 14, 2016
[d] Independent Commissioner

(Expressed in thousands of United States Dollars, unless otherwise stated)

1. GENERAL (continued)

a. PT Pertamina (Persero) (the Company) (continued)

iii. The Company's Board of Commissioners and Board of Directors (continued)

As of March 31, 2019, and December 31, 2018, 2017, and 2016, the composition of the Company's Board of Directors are as follows:

		December 31,		
	March 31, 2019	2018	2017[d]	2016[e]
President Director	Nicke Widyawati[a]	Nicke Widyawati[a]	Elia Massa Manik	Dwi Soetjipto
Vice President Director	-	-	-	Ahmad Bambang
Marketing Director	-	-	Muchamad Iskandar	Muchamad Iskandar
Corporate Marketing Director	Basuki Trikora Putra[b]	Basuki Trikora Putra[b]	-	-
Retail Marketing Director	Mas'ud Khamid[b]	Mas'ud Khamid[b]	-	-
Upstream Director	Dharmawan H. Samsu[a]	Dharmawan H. Samsu[a]	Syamsu Alam	Syamsu Alam
Gas Director	-	-	Yenni Andayani	Yenni Andayani
New and Renewable Energy Director	-	-	-	-
Finance Director	Pahala N. Mansury[c]	Pahala N. Mansury[c]	Arief Budiman	-
Finance and Corporate Strategy Director	-	-	-	Arief Budiman
Human Resources Director	Koeshartanto[a]	Koeshartanto[a]	Nicke Widyawati	-
Human Resources and Information Technology	-	-	-	Dwi Wahyu Daryoto
Logistic, Supply Chain, and Infrastructure Director	Gandhi Sriwidodo[b]	Gandhi Sriwidodo[b]	-	-
Refinery Director	Budi Santoso Syarif[b]	Budi Santoso Syarif[b]	Toharso	Toharso
Mega Project Refinery and Petrochemical Director	Ignatius Tallulembang[c]	Ignatius Tallulembang[c]	Ardhy N. Mokobombang	Rachmad Hardadi
Planning Investment and Risk Management Director	Heru Setiawan[c]	Heru Setiawan[c]	Gigih Prakoso	-
Asset Management Director	M. Haryo Yunianto[b]	M. Haryo Yunianto[b]	Dwi Wahyu Daryoto	-

[a] Effective per August 29, 2018 based on resolution GMS No. SK-232/MBU/08/2018
[b] Effective per April 20, 2018 based on resolution GMS No. SK-97/MBU/04/2018
[c] Effective per September 13, 2018 based on resolution GMS No. SK-242/MBU/09/2018
[d] Based on resolution No. SK-52/MBU/03/2017 of the GMS dated March 16, 2017 and No. SK-256/MBU/11/2017 dated November 27, 2017
[e] Based on resolution No. SK-242/MBU/10/2016 of the GMS dated October 20, 2016 and No. SK-264/MBU/12/2016 dated December 2, 2016

As of March 31, 2019, and December 31, 2018, 2017, and 2016, the composition of the Company's Audit Committee are as follows:

		December 31,		
	March 31, 2019	2018	2017	2016[e]
Chairman	Tanri Abeng[a]	Tanri Abeng[a]	Tanri Abeng[a]	Tanri Abeng
Vice Chairman	Sahala Lumban Gaol[c]	Sahala Lumban Gaol[c]	Sahala Lumban Gaol[c]	-
Vice Chairman	Ahmad Bambang[c]	Ahmad Bambang[c]	Edwin Hidayat Abdullah[d]	-
Member	-	-	-	Sahala Lumban Gaol
Member	-	-	Dwi Martani	Dwi Martani
Member	Agus Yulianto[b]	Agus Yulianto[b]	Agus Yulianto	Agus Yulianto
Member	Bonar Lumban Tobing[b]	Bonar Lumban Tobing[b]	Bonar Lumban Tobing	Bonar Lumban Tobing

[a] Effective per May 6, 2015 based on resolution No. SK-60/MBU/05/2015
[b] Effective per January 1, 2016 based on resolution No. 023/KPTS/K/DK/2015
[c] Effective per July 18, 2018 based on resolution No. 005/KPTS/K/DK/2018
[d] Effective per November 14, 2016 based on resolution No. SK-254/MBU/K/11/2016
[e] Effective per September 12, 2017 based on resolution No. SK-194/MBU/K/09/2017

iv. Number of employees

As of March 31, 2019 and 2018, and December 31, 2018, 2017, and 2016, the Group has 31,362; 29,779; 31,569; 30,118; and 29,469 permanent employees (unaudited), respectively.

(Expressed in thousands of United States Dollars, unless otherwise stated)

1. GENERAL (continued)

b. Subsidiaries, associates and joint arrangements

i. Subsidiaries

As of March 31, 2019, and December 31, 2018, 2017, and 2016 the Group has direct or indirect control of the following subsidiaries:

Subsidiaries	Year of establishment	Percentage of ownership March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Oil and gas exploration and production					
1. PT Pertamina Hulu Energi	1990	100.00%	100.00%	100.00%	100.00%
2. PT Pertamina EP	2005	100.00%	100.00%	100.00%	100.00%
3. PT Pertamina EP Cepu	2005	100.00%	100.00%	100.00%	100.00%
4. Pertamina E&P Libya Limited, British Virgin Island	2005	100.00%	100.00%	100.00%	100.00%
5. PT Pertamina East Natuna	2012	100.00%	100.00%	100.00%	-
100.00%					
6. PT Pertamina EP Cepu ADK	2013	100.00%	100.00%	100.00%	100.00%
7. PT Pertamina Internasional Eksplorasi dan Produksi	2013	100.00%	100.00%	100.00%	100.00%
8. ConocoPhillips Algeria Limited, Cayman Island *)	2013	100.00%	100.00%	100.00%	100.00%
9. PT Pertamina Hulu Indonesia	2015	100.00%	100.00%	100.00%	100.00%
10. PT Pertamina Hulu Rokan (Note 4g)	2018	100.00%	100.00%	-	-
Geothermal exploration and production					
11. PT Pertamina Geothermal Energy	2006	100.00%	100.00%	100.00%	100.00%
Oil and gas drilling services					
12. PT Pertamina Drilling Services Indonesia	2008	100.00%	100.00%	100.00%	100.00%
Processing and sale of oil andgas products, construction andoilfield services, information technology and telecommunications					
13. PT Elnusa Tbk	1969	41.10%	41.10%	41.10%	41.10%
Oil and gas trading, gas transportation, processing, distribution and storage					
14. PT Pertamina Gas (Note 4a)	2007	-	-	100.00%	100.00%
15. PT Perusahaan Gas Negara Tbk (Note 4a)	2018	56.96%	56.96%	-	-
Electricity					
16. PT Pertamina Power Indonesia	2016	100.00%	100.00%	100.00%	100.00%
Trading services and industrial activities					
17. PT Pertamina Patra Niaga	1997	100.00%	100.00%	100.00%	100.00%
18. Pertamina International Timor S,A	2015	95.00%	95.00%	95.00%	95.00%
Public fuel filling stations business					
19. PT Pertamina Retail	1997	100.00%	100.00%	100.00%	100.00%
Lubricant processing and marketing					
20. PT Pertamina Lubricants	2013	100.00%	100.00%	100.00%	100.00%
Shipping					
21. PT Pertamina Trans Kontinental	1969	100.00%	100.00%	100.00%	100.00%
22. PT Pertamina International Shipping	2016	100.00%	100.00%	100.00%	100.00%
Air transportation services					
23. PT Pelita Air Service	1970	100.00%	100.00%	100.00%	100.00%
Investment management					
24. PT Pertamina Pedeve Indonesia (formerly PT Pertamina Dana Ventura)	2002	100.00%	100.00%	100.00%	100.00%
Human resources development services					
25. PT Pertamina Training & Consulting	1999	100.00%	100.00%	100.00%	100.00%
Offices, house rental and hotel operations					
26. PT Patra Jasa	1975	100.00%	100.00%	100.00%	100.00%

(Expressed in thousands of United States Dollars, unless otherwise stated)

1. GENERAL (continued)

b. Subsidiaries, associates and joint arrangements (continued)

i. Subsidiaries (continued)

Subsidiaries	Year of establishment	Percentage of ownership March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Health services and hospital operations					
27. PT Pertamina Bina Medika	1997	100.00%	100.00%	100.00%	100.00%
Insurance services					
28. PT Asuransi Tugu Pratama Indonesia Tbk (formerly PT Tugu Pratama Indonesia) ("ATPI") **)	1981	58.50%	58.50%	65.00%	65.00%
Refineries					
29. PT Kilang Pertamina Internasional	2017	100.00%	100.00%	100.00%	-
Liquified Natural Gas ("LNG")					
30. PT Nusantara Regas (Note 4b)	2010	82.78%	82.78%	60.00%	60.00%

Subsidiaries	Year of establishment	Total assets before elimination March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Oil and gas exploration and prouction					
1. PT Pertamina Hulu Energi	1990	4,728,090	4,531,667	4,780,787	4,908,390
2. PT Pertamina EP	2005	7,657,164	7,498,644	7,621,461	7,301,605
3. PT Pertamina EP Cepu	2005	3,279,375	2,992,894	2,608,022	2,103,211
4. Pertamina E&P Libya Limited, British Virgin Island	2005	154	154	154	154
5. PT Pertamina East Natuna	2012	129	129	129	129
6. PT Pertamina EP Cepu ADK	2013	11,623	12,847	18,534	58,545
7. PT Pertamina Internasional Eksplorasi dan Produksi	2013	5,774,800	5,841,041	5,776,299	4,598,908
8. ConocoPhillips Algeria Limited, Cayman Island *)	2013	774,216	774,216	1,065,720	1,065,720
9. PT Pertamina Hulu Indonesia	2015	1,892,097	1,478,109	304,838	41,112
10. PT Pertamina Hulu Rokan (Note 4g)	2018	785,000	785,000	-	-
Geothermal exploration and production					
11. PT Pertamina Geothermal Energy	2006	2,509,703	2,556,651	2,408,120	2,073,789
Oil and gas drilling services					
12. PT Pertamina Drilling Services Indonesia	2008	527,560	560,423	574,402	590,357
Processing and sale of oil andgas products, construction andoilfield services, information technology and telecommunications					
13. PT Elnusa Tbk	1969	413,566	390,995	358,319	311,920
Oil and gas trading, gas transportation, processing, distribution and storage					
14. PT Pertamina Gas (Note 4a)	2007	-	-	1,926,760	1,877,883
15. PT Perusahaan Gas Negara Tbk (Note 4a)	2018	7,508,677	8,764,437	6,293,129	6,834,153
Electricity					
16. PT Pertamina Power Indonesia	2016	113,127	114,721	99,726	101,149
Trading services and industrial activities					
17. PT Pertamina Patra Niaga	1997	935,568	908,986	960,394	783,409
18. Pertamina International Timor S,A,	2015	39,941	36,643	28,677	18,712
Public fuel filling stations business					
19. PT Pertamina Retail	1997	208,740	203,312	150,643	136,686
Lubricant processing and marketing					
20. PT Pertamina Lubricants	2013	446,512	413,332	500,637	510,968
Shipping					
21. PT Pertamina Trans Kontinental	1969	308,015	307,519	287,014	254,017
22. PT Pertamina International Shipping	2016	316,173	296,335	217,466	10,000

(Expressed in thousands of United States Dollars, unless otherwise stated)

1. GENERAL (continued)

b. Subsidiaries, associates and joint arrangements (continued)

(i) Subsidiaries (continued)

Subsidiaries	Year of establishment	Total assets before elimination March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Air transportation services					
23. PT Pelita Air Service	1970	60,348	60,380	65,300	63,990
Investment management					
24. PT Pertamina Pedeve Indonesia (formerly PT Pertamina Dana Ventura)	2002	63,690	62,098	71,327	157,691
Human resources development services					
25. PT Pertamina Training & Consulting	1999	37,741	39,799	40,768	32,624
Offices, house rental and hotel operations					
26. PT Patra Jasa	1975	252,598	236,119	229,394	90,570
Health services and hospital operations					
27. PT Pertamina Bina Medika	1997	109,326	105,743	111,006	100,083
Insurance services					
28. PT Asuransi Tugu Pratama Indonesia Tbk (formerly PT Tugu Pratama Indonesia) (“ATPI”) **)	1981	966,584	923,376	836,387	662,347
Refineries					
29. PT Kilang Pertamina Internasional	2017	1,751	1,836	738	-
Liquified Natural Gas (“LNG”)					
30. PT Nusantara Regas (Note 4b)	2010	276,029	240,817	277,438	272,925

*) Effective liquidation on February 28, 2019.
**) Deduction in the effective percentage of ownership in ATPI due to the issuance of new equity shares by ATPI in 2018.

ii. Associates

The directly owned associates as of March 31, 2019, are as follows:

Associates	Percentage of ownership	Nature of business
1. PPT Energy Trading Co., Ltd.	50.00%	Marketing services
2. PT Trans-Pacific Petrochemical Indotama	48.59%	Processing and sale of oil and gas products and services

The indirectly owned associates as of March 31, 2019, are as follows:

Associates	Percentage of ownership	Nature of business
1. PT Donggi Senoro LNG	29.00%	LNG Processing
2. PT Asuransi Samsung Tugu	19.50%	Insurance
3. Seplat Petroleum Development Company Plc, (“Seplat”) Nigeria	21.37%	Oil and gas exploration and production
4. PT Gas Energi Jambi	22.78%	Trasport and distribution of natural gas

(Expressed in thousands of United States Dollars, unless otherwise stated)

1. GENERAL (continued)

b. Subsidiaries, associates and joint arrangements (continued)

iii. Joint arrangements

The indirectly owned joint ventures as of March 31, 2019, are as follows:

Associates	Percentage of ownership	Nature of business
1. PT Patra SK	35.00%	Lube Base Oil ("LBO") processing
2. PT Perta-Samtan Gas	66.00%	LNG processing
3. PT Perta Daya Gas	65.00%	LNG regasification
4. PT Indo Thai Trading	51.00%	Petrochemical trading
5. PT Pertamina Rosneft Pengolahan dan dan Petrokimia	55.00%	Development of Petroleum and Petrochemical refineries
6. PT Transportasi Gas Indonesia ("Transgasindo")	59.87%	Transport of natural gas via transmission pipes
7. PT Permata Karya Jasa ("Perkasa")	60.00%	Workshop services, guidance, distribution of labor services Indonesia

PT Pertamina Rosneft Pengolahan dan Petrokimia ("PRPP") was established by Notarial Deed No. 13 dated November 28, 2017 of Mina NG, SH., M.KN., PRPP's Deed of Establishment was approved by the Minister of Justice and Human Rights through letter No. AHU-0053838.AH.01.01.Year 2017 dated November 28, 2017.

As of January 24, 2018, based on amendment of the Articles of Association of Perkasa, the Group no longer possessed control over Perkasa. As a result, the Group recognized investment in Perkasa as an investment in joint venture.

On April 11, 2018, the Company has control over PT Nusantara Regas. Previously, the Company recognized investment in PT Nusantara Regas as an investment in joint venture (Note 4b).

The indirectly owned joint operation as of March 31, 2019, is as follows:

Associates	Percentage of ownership	Nature of business
1. Natuna 2 B.V., Belanda	50.00%	Exploration and production

The Group considered the existence of substantive participating rights held by the non-controlling shareholders of PT Perta-Samtan Gas, PT Perta Daya Gas, PT Indo Thai Trading and PT Pertamina Rosneft Pengolahan dan Petrokimia which provide such shareholders with joint control over significant financial and operating policies. With respect to non-controlling rights, the Group does not have control over the significant financial and operating policies of PT Perta-Samtan Gas, PT Perta Daya Gas, PT Indo Thai Trading and PT Pertamina Rosneft Pengolahan dan Petrokimia even though the Group has more than 50% of share ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the consolidated financial statements

The accounting and financial reporting policies adopted by the Group conform to the Indonesian financial accounting standards, which are based on Indonesian Statements of Financial Accounting Standards ("SFAS"). The accounting policies were applied consistently in the preparation of the consolidated financial statements as of March 31, 2019, and December 31, 2018, 2017, and 2016 and the three-month periods ended March 31, 2019 and 2018, and the years ended December 31, 2018, 2017, and 2016 by the Group.

The consolidated financial statements, except consolidated statement of cash flows have been prepared on the accrual basis and the measurement basis used is historical cost, except for certain accounts which requires different measurement as disclosed on each account's accounting policies.

The consolidated statement~~s~~ of cash flows have been prepared based on the direct method by classifying the cash flows into operating, investing and financing activities.

The consolidated financial statements are presented in thousands of US Dollars (US$), which is also the Group's functional currency, unless otherwise stated.

b. Change in accounting policies and disclosure

i. The adoption of these new/revised standards and interpretations did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported in the consolidated financial statements

The following new standards, amendments to existing standards and interpretations have been published and are mandatory for the first time adoption for the Group's financial year beginning January 1, 2019 or later periods. The Group has adopted them, but they have no significant impact to the Group's current business:

- ISAK 33: Foreign Currency Transaction and Advance Consideration.
- ISAK 34: Uncertainty in the Treatment of Income Tax.
- Amendments to SFAS 24: Employee Benefits.
- SFAS 22 (2018 improvement): Business Combination.
- SFAS 26 (2018 improvement): Borrowing cost.
- SFAS 46 (2018 improvement): Income Tax.
- SFAS 66 (2018 improvement): Joint Arrangement.

ii. New standards, amendments and interpretations issued but not yet effective

The following are several accounting standards issued by the Indonesian Financial Accounting Standards Board ("DSAK") that are considered relevant to the financial reporting of the Group but not yet effective for consolidated financial statements as of March 31, 2019, and December 31, 2018, 2017, and 2016 and the three-month periods ended March 31, 2019 and 2018, and the years ended December 31, 2018, 2017, and 2016:

Effective January 1, 2020

- Amendments to SFAS 15: Investment in Associates and Joint Ventures, this amendments stipulate~~s~~ that the entity also applies SFAS 71 to financial instruments in associates or joint ventures where the equity method is not applied. This includes long-term interests which substantially form part of the entity's net investment in associates or joint ventures.

- Amendments to SFAS 62: Insurance Contracts, which allow those who meet certain criteria to apply a temporary exemption from SFAS 71 (Deferral Approach) or choose to apply a layered approach (Overlay Approach) to a defined financial asset.

- SFAS 71: Financial Instruments, which regulates the classification and measurement of financial instruments based on the characteristics of the contractual cash flows and the entity's business model; the expectation credit loss method for impairment that produces information that is more timely, relevant and understood by users of financial statements; accounting for hedges that reflects entity risk management is better by introducing more general requirements based on management considerations.

- SFAS 72: Revenue from Contracts with Customers which sets out a comprehensive framework to determine how, when and how much revenue can be recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Change in accounting policies and disclosure (continued)

ii. New standards, amendments and interpretations issued but not yet effective (continued)

- SFAS 73: Leases, with early adoption permitted specifically for entities that have implemented SFAS 72 which establishes the principle of recognition, measurement, presentation and disclosure of leases by introducing a single accounting model especially for tenants. This SFAS establishes the principle of recognizing, measuring, presenting, and disclosing leases by introducing a single accounting model by requiring right-of-use assets and lease liabilities. There are 2 optional exceptions in the recognition of lease assets and liabilities, namely for: (i) short-term leases and (ii) leases for low value underlying assets.
- Amendment of SFAS 71: Financial Instruments regarding prepayment features with negative compensation which regulates that financial assets with prepayment features that can result to negative compensation meets qualification as contractual cashflows that are solely payments of principal and interest.
- Amendement of SFAS 1: Presentation of Financial Statements and SFAS 25 : Accounting Policies, Changes in accouting estimates and errors which clarifies the defenition of material with the aim of harmonizing the definition used in the conceptual framework and some relevant SFASes.

The Group is currently evaluating and has not yet determined the effects of these accounting standards on its Consolidated Financial Statements.

c. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as described in Note 1b.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the subsidiary.

A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group losses control over a Subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest (”NCI”) and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

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

All intercompany accounts and transactions between the Company and its Subsidiaries have been eliminated to reflect the financial position and the results of operations of the Group as one business entity.

NCI represents the portion of the profit or loss and net assets of the Subsidiaries attributable to equity interests that are not owned directly or indirectly by the Company, which are presented in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to the equity holders of the parent company.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the parent of the Group and to the NCI, even if this results in the NCI having a deficit balance.

For consolidation purpose of subsidiaries using currency other than US Dollar as functional currency, assets and liabilities are translated using the Bank of Indonesia middle rate at the end of reporting period. On the other hand, revenue and expenses are translated using the average Bank of Indonesia middle rate during the profit or loss period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Principles of consolidation (continued)

The difference arising from the translation of those subsidiaries' financial statements into the US Dollar is presented as "Other comprehensive income - Differences arising from translation of financial statements" account as part of other equity components in the equity section of the consolidated statements of financial position.

d. Business combinations

Business combinations are accounted using the acquisition method as stipulated in SFAS 22 (Revised 2015). 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 acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are directly expensed and included in "Selling, General and Administrative Expenses".

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any resulting gain or loss is recognized in 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 SFAS No. 55 (Revised 2014) either in profit or loss or 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. Afterwards, impairment test on goodwill will be examined at the end of every subsequent period.

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 allocated from the acquisition date 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 acquirer are assigned to those CGUs.

Where goodwill forms part of a CGU and part of the operation 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.

In accordance with the provision of SFAS No. 22 (Revised 2015), if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.

The Company classified its investment in PT Badak Natural Gas Liquefaction ("Badak NGL") as available-for-sale financial asset at cost because the Company, in substance, does not control those companies as its operations are controlled by the natural gas producers. These investments are measured at cost since their fair values are not reliably measurable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Business combination under common control

Business combination transaction under common control, in the form of transfer of business within the framework of reorganization of entities under the same business group is not a change of ownership in economic substance, therefore it would not result in a gain or loss for the group as a whole or to the individual entity within the same group, therefore the transactions are recorded using the pooling-of-interests method.

The entity that disposed and received the business records the difference between the consideration received/transferred and the carrying amount of the disposed business/carrying amount of any business combination transaction in equity and presents it in “Additional Paid-in Capital” account.

In applying the pooling-of-interests method, the components of the financial statements for the period during which the business combination occurred and for other periods presented for comparison purposes are presented in such a manner as if the combination has already occurred since the beginning of the period in which the entities were under common control.

f. Related party transactions

The Company enters into transactions with related parties as defined in SFAS 7 (Revised 2015): Related Party Disclosures. All significant transactions and balances with related parties are disclosed in the notes to these consolidated financial statements.

g. Cash and cash equivalents

Cash and cash equivalents are cash on hand, cash in banks, and time deposits with maturity periods of three months or less at the time of placement and which are not used as collateral or are not restricted.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of overdrafts.

Cash and cash equivalents which are restricted for repayment of currently maturing obligations are presented as restricted cash under the current assets section, while cash and cash equivalents which are restricted to repay obligations maturing after one year from the date of consolidated statement of financial position are presented as part of other non-current assets.

h. Financial instruments

i. Financial assets

<u>Initial recognition</u>

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge. The classification depends on the nature and purpose for which the asset was acquired and is determined at the time of initial recognition.

Financial assets are recognized initially at fair value, and in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are added to the fair value.

<u>Subsequent measurement</u>

The subsequent measurement of financial assets depends on their classification as follows:

i. Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

ii. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Financial instruments (continued)

i. Financial assets (continued)

Subsequent measurement (continued)

iii. 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 the two preceding categories. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in equity until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in equity is reclassified to the consolidated statement of profit or loss and other comprehensive income as a reclassification adjustment.

iv. Held-to-maturity investments
Non-derivative financial assets with fixed payments, and fixed liabilities and maturity liabilities are classified as held-to-maturity when the Group has positive intentions and capabilities to maintain them until maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the Effective Interest Rate ("EIR") method. Amortization of EIR is recognized as financial income in profit or loss. Losses arising from a decrease in value are recognized in profit or loss as a financial expense.

Impairment of financial assets

Assets carried at amortized cost

The Group assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:
i. default or delinquency in payments by the debtor;
ii. significant financial difficulty of the debtor;
iii. a breach of contract, such as a default or delinquency in interest or principal payments;
iv. the lenders, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lenders would not otherwise consider;
v. the probability that the debtor will enter bankruptcy or other financial reorganization;
vi. the disappearance of an active market for that financial asset because of financial difficulties; or
vii. observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot be traced yet to the individual financial assets in the portfolio, including:
    1. adverse changes in the payment status of borrowers in the portfolio; and
    2. national or local economic conditions that correlate with defaults on the assets in the portfolio.

If there is an objective evidence that an impairment loss has occurred, the amount of 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 EIR. The carrying amount of the asset is reduced either directly or through the use of a provision account. The amount of the loss is recognized in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss will be reversed either directly or by adjusting the provision account. The reversal amount is recognized in the profit or loss and the amount cannot exceed what the amortized cost would have been had the impairment not been recognized at the date the impairment was reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Financial instruments (continued)

i. Financial assets (continued)

Assets classified as available-for-sale

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and the decline is significant and prolonged or when there is objective evidence that the assets were impaired, the cumulative loss that had been recognized in equity will be reclassified from equity to the profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is reclassified from equity to the profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss.

The impairment loss recognized in the profit or loss on equity instrument cannot be reversed through the profit or loss. Increases in fair value subsequent to the impairment are recognized in OCI.

Derecognition

A financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets, is derecognized when:

(i) The contractual rights to receive cash flows from the asset have expired; or
(ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the financial asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

ii. Financial liabilities

Initial recognition

Financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities that are not held for trading or not designated at fair value through profit or loss. 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 financial liabilities recognized at amortized cost, include directly attributable transaction costs.

The Group’s financial liabilities which are classified as other financial liabilities include short-term loans, trade payables, due to the Government, accrued expenses, long-term liabilities, other payables, bonds payable, and other non-current payables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Financial instruments (continued)

ii. Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivative liabilities are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss and other comprehensive income.

ii. Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at cost using the EIR method. At the reporting date, the accrued interest is recorded separately from the respective principal loans as part of current liabilities. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the amortization process using the EIR method.

Derecognition

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

A financial liability is derecognized when the obligation under the liability is discharged, or cancelled or has expired.

Effective interest rate (“EIR”) method

The EIR method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

iii. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Financial instruments (continued)

iv. Derivative financial instruments and hedge accounting

The Group uses derivative foreign currency forward and option contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company entered into forward and currency option contracts that are used as a hedge for the exposure to changes in cash flows relating to interest payments and bonds repayment due to changes in foreign exchange rates. Such forward and option contracts do not meet the criteria of hedge accounting.

i. Receivables

Trade and other receivables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method, less provision for any impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), these receivables are classified as non-current assets.

j. Inventories

Crude oil and oil product inventories are recognized at the lower of cost or net realizable value.

Cost is determined based on the average method and comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventory to its present location and current condition.

The net realizable value of subsidized fuel products (“BBM”) are recognized at the lower of next month Government decreed price and the formula price.

The net realizable value of 3 kg LPG cylinders is the Aramco LPG contract price plus distribution costs and a margin (alpha), less the estimated costs of completion and the estimated costs necessary to make the sale.

Materials such as spare parts, chemicals and others are stated at average cost. Materials exclude obsolete, unusable and slow-moving materials which are recorded as part of other assets under the non-current assets section.

A provision for obsolete, unuseable and slow-moving materials is provided based on management’s analysis of the condition of such materials at the end of the year.

k. Prepayments and advances

Prepayments are amortized on a straight-line basis over the estimated beneficial periods of the prepayments.

l. Assets held for distribution to the Company

Assets held for distribution to the Company are recognized at the lower of carrying amount and fair value less costs to sell.

m. Long-term investments

i. Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group’s investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Long-term investments (continued)

i. Investments in associates (continued)

The Group's share of its associates' post-acquisition profits or losses is recognized in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in OCI.

Dilution gains and losses arising from investments in associates are recognized in the profit or loss.

ii. Investment property

Investment property consists of land and buildings held by the Group to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, administrative purposes or sale in the normal course of business.

An investment property is measured using the cost model that is stated at cost including transaction costs less accumulated depreciation and impairment losses, if any, except for land which is not depreciated. Such cost includes the cost of replacing part of the investment property, if the recognition criterias are satisfied, and excludes operating expenses involving the use of such property.

Building depreciation is computed using the straight-line method over the estimated useful lives of buildings ranging from 10 to 25 years.

An investment property is derecognized upon disposal or when such investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the derecognition or disposal of investment property are recognized in the profit or loss in the year such derecognition or disposal occurs.

Transfers to investment property are made when there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers from investment property are made when there is a change in use, evidenced by the commencement of owner-occupation.

For a transfer from investment property to owner-occupied property, the Group uses the cost method at the date of change in use. If owner-occupied property becomes an investment property, the Group recognized the investment property in accordance with the fixed asset policies the date of change in use.

n. Fixed assets

The Group applies accounting policy on fixed assets as stipulated in SFAS 16 (Revised 2015), as follows:

<u>Direct ownership</u>

Land is recognized at cost and not depreciated. Fixed assets are initially recognized at cost and subsequently, except for land, carried at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The Group recognized significant repair and maintenance costs as fixed assets. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Initial legal costs incurred to obtain legal rights are recognized as part of the acquisition cost of the land, and these costs are not depreciated. Costs related to renewal of land rights are recognized as intangible assets and amortized during the period of the land rights.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Fixed assets (continued)

Fixed assets, except land, are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Tanks, pipeline installations and other equipment	5-25
Refineries	10-20
Buildings	5-25
Ships and aircrafts	6-25
Moveable assets	5-20
Major repairs and maintenance	3

At each financial year-end, the residual values, useful lives and methods of depreciation of assets are reviewed and adjusted prospectively, as appropriate.

When assets are retired or otherwise disposed of, their carrying values are eliminated from the consolidated financial statements, and the resulting gains and losses on the disposal of fixed assets are recognized in the profit or loss.

Assets under construction

Assets under construction represent costs for the construction and acquisition of fixed assets and other costs. These costs are transferred to the relevant fixed asset account when the construction is complete. Depreciation is charged from the date the assets are available for use.

o. Leases

The Group classifies leases based on the extent to which risks and rewards incidental to the ownership of a leased asset are vested upon the lessor or the lessee, and the substance of the transaction rather than the form of the contract, at the time of initial recognition.

Group as Lessee

i. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased assets. Such leases are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

ii. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased asset. Accordingly, the related lease payments are recognized in profit or loss on a straight-line basis over the lease term.

Group as Lessor

Leases in which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases initial direct costs in caused in negotiating and arranging an operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis of rental income. Contingent rents are recognized as revenues in the period in which they are earned.

p. Oil and gas and geothermal properties

i. Exploration and evaluation assets

Oil and natural gas, as well as geothermal exploration and evaluation expenditures, are accounted for using the successful efforts method of accounting. Costs are accumulated on a field by field basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Oil and gas and geothermal properties (continued)

i. Exploration and evaluation assets (continued)

Geological and geophysical costs are expensed as incurred.

Costs to acquire rights to explore for and produce oil and gas are recorded as unproved property acquisition costs for properties where proved reserves have not yet been discovered, or proved property acquisition costs if proved reserves have been discovered.

The costs of drilling exploratory wells and the costs of drilling exploratory-type stratigraphic test wells are capitalized as part of assets under construction - exploratory and evaluation wells, within oil and gas properties pending determination of whether the wells have found proved reserves. If the well has not found proved reserves, the capitalized costs of drilling the well are then charged to profit or loss as a dry hole expense.

Afterwards, exploration and evaluation assets are reclassified from exploration and evaluation assets when evaluation procedures have been completed. Exploration and evaluation assets for which commercially-viable reserves have been identified are reclassified to development assets. Exploration and evaluation assets are tested for impairment immediately prior to reclassification out of exploration and evaluation assets.

ii. Development assets

The costs of drilling development wells including the costs of drilling unsuccessful development wells and development-type stratigraphic wells are capitalized as part of assets under construction of development wells until drilling is completed. When the development well is completed on a specific field, it is transferred to the production wells.

iii. Production assets

Production assets are aggregated exploration and evaluation assets and development expenditures associated with the producing wells. Production assets are depleted using a unit-of-production method on the basis of proved developed reserves, from the date of commercial production of the respective field.

iv. Other oil and gas and geothermal assets

Other oil and gas and geothermal properties are depreciated using the straight-line method over the lesser of their estimated useful lives or the term of the relevant Production Sharing Contract ("PSC") are as follows:

	Years
Installations	3-30
LPG plants	10-20
Buildings	5-30
Moveable assets	2-27
Geothermal wells	10-20

Land and land rights are stated at cost and are not amortized.

The useful lives and methods of depreciation of assets are reviewed, and adjusted prospectively if appropriate, at least at each financial year-end. The effects of any revisions are recognized in profit or loss, when the changes arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Oil and gas and geothermal properties (continued)

iv. Other oil & gas and geothermal assets (continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The accumulated costs of the construction, installation or completion of buildings, plant and infrastructure facilities such as platforms and pipelines are capitalized as assets under construction. These costs are reclassified to the relevant fixed asset accounts when the construction or installation is ready for use. Depreciation is charged from that date.

q. Provision for decommissioning and site restoration

The provision for decommissioning and site restoration provides for the legal obligations associated with the retirement of oil and gas properties including the production facilities that result from the acquisition, construction or development and/or normal operation of such assets. The retirements of such assets, other than temporary suspension of use, are removed from service including sale, abandonment, recycling or disposal in some other manner.

These obligations are recognized as liabilities when a constructive obligation with respect to the retirement of an asset is incurred. An asset retirement cost equivalent to these liabilities is capitalized as part of the related asset's carrying value and is subsequently depreciated or depleted over the asset's useful life. These obligations are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provision for environmental issues that may not involve the retirement of an asset, where the Group is a responsible party, is recognized when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Asset retirement obligations for downstream facilities generally become firm at the time the facilities are permanently shutdown and dismantled. However, these facilities have indeterminate lives based on plans for continued operations, and as such, the fair value of the conditional legal obligations cannot be measured, since it is impossible to estimate the future settlement dates of such obligation. The Group performs periodic reviews of its downstream assets for any changes in facts and circumstances that might require recognition of asset retirement obligations.

r. Revenue and expense recognition

i. Revenue

Revenue from the production of crude oil and natural gas are recognized on the basis of the provisional entitlements method at the point of lifting. Differences between the actual liftings of crude oil and natural gas result in a receivable when final entitlements exceed liftings of crude oil and gas (underlifting position) and in a payable when lifting of crude oil and natural gas exceed final entitlements (overlifting position). Underlifting and overlifting volumes are valued based on the annual weighted average Indonesian Crude Price ("ICP") (for crude oil) and price as determined in the respective Sale and Purchase Contract (for natural gas).

The Company recognizes subsidy revenue as it sells the subsidy products and becomes entitled to the subsidy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Revenue and expense recognition (continued)

i. Revenue (continued)

Revenue from sales of goods and services is recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer and when such services are performed, respectively.

Penalty income from overdue receivables from BBM sales is recognized when the Company and its customers agree on the amount of the penalties and there is evidence that the customers have committed to pay the penalties.

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.

Revenue arising from the operation of the asset and pipeline transmission is recognized after the service is rendered and is measured based on the unit of gas which has been transported during such period.

The cost and revenue involving sales of electricity among PGE, geothermal contractors and PT Perusahaan Listrik Negara (Persero) ("PLN") are recorded based on Energy Sales Contracts under a Joint Operating Contracts ("JOC"). The contracts stipulate that the sale of electricity from the JOC contractors to PLN is to be made through PGE in the same amount of the purchase costs as the electricity from the JOCs.

Excess and/or shortfall of revenue from differences of formula retail selling price and Government's stipulated selling price ("Disparity of Selling Price") of certain type of fuel ("JBT") Diesel Fuel and special fuel assignment ("JBKP") Premium are recognized in the period when sale of JBT Diesel Fuel and JBKP Premium occurs as long as the settlement and/or collectability of such Disparity of Selling Prices is certain at the completion date of the financial statements.

The Company records such excess and/or shortfall of revenue from the Disparity of Selling Prices in revenue from other operating activities account because it is part of the Company's operations.

Deferred revenue consist of:
- amounts billed and collected involving "take or pay" gas quantities, which will be recognized as revenue when the related gas quantities are delivered to customers or wen the contract expires.
- payment for rental and services charges received upfront.
- rental revenue that is received in advance.

ii. Expense

Expense is recognized when incurred on an accrual basis.

s. Pension plan and employee benefits

i. Pension obligations

Entities within the Group operate various pension schemes. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee the benefits relating to employee service in the current and prior years.

The Group is required to provide a minimum amount of pension benefit in accordance with Labour Law No. 13/2003 or the Group's Collective Labour Agreement ("the CLA"), whichever is higher. Since the Labour Law or the CLA sets the formula for determining the minimum amount of pension benefits, in substance, pension plans under the Labour Law or the CLA represent defined benefit plans.

The liability recognized in the statement of financial position in respect of the defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets.

(Expressed in thousands of United States Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Pension plan and employee benefits (continued)

i. Pension obligations (continued)

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Expense charged to profit or loss includes current service costs, interest expense/income, past service cost and gains and losses on settlements. Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

Remeasurements arising from defined benefit retirement plans are recognized in OCI.

Termination benefits are payable when an employee's employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes the termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes restructuring costs involving the payment of termination benefits.

ii. Other post-employment obligations

Companies within the Group provide "post retirement" healthcare benefits to their retired employees. This benefit is eligible for the employee that remains working up to retirement age and approaching a minimum service period. The expected cost of this benefit is accrued over the period of employment using the projected unit credit method. This obligation is valued annually by independent qualified actuaries.

t. Transactions and balances in non-US Dollar denomination

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Non-US Dollar currency transactions are translated into US Dollar using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in non-US Dollar currency are translated into US Dollar using the closing exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss, except when deferred in equity as qualifying cash flows hedges and qualifying net investment hedges.

For domestic and foreign subsidiaries that are not integral to the Company's operations and for which the functional currency is not the US Dollar, the assets and liabilities are translated into US Dollars at the exchange rates prevailing at the date of statement of financial position.

The exchange rates used as of March 31, 2019 and December 31, 2018, 2017, and 2016 were as follows (full amount):

	March 31, 2019 (unaudited)	December 31,		
		2018	2017	2016
1,000 Rupiah/US Dollar	0.07	0.07	0.07	0.07
Singapore Dollar/US Dollar	0.74	0.73	0.75	0.69
100 Japanese Yen/US Dollar	0.90	0.91	0.89	0.86
Hong Kong Dollar/US Dollar	0.13	0.13	0.13	0.13
Euro/US Dollar	1.12	1.14	1.19	1.05
Malaysian Ringgit/US Dollar	0.25	0.24	0.25	0.22
Algeria Dinar/US Dollar	0.01	0.01	0.01	0.01

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Income tax

Current income tax

Current tax assets and liabilities are measured at the amount expected to be refunded from or paid to the taxation authority. The tax rates and tax regulations used to calculate these amounts are those that have been enacted or substantively enacted at the reporting date in the country where the Group operates and produce taxable income.

Interest and penalties are presented as part of income or other operating expenses because they are not considered as part of the income tax expense.

The Group periodically evaluates positions reported in Annual Tax Returns ("SPT") in connection with situations in which application of certain tax regulation are subject to interpretation. Where appropriate, the Group establishes provision based on the amounts expected to be paid to the tax authorities including consideration of tax court and supreme court decision in case of Group's appeal process.

Corrections to taxation obligations are recorded when an assessment is received, or for assessment amounts appealed against by the Group, when: (1) the result of the appeal is determined, unless there is significant uncertainty as to the outcome of such an appeal, in which event the impact of the amendment of tax obligations based on an assessment is recognized at the time of making such appeal, or (2) at the time based on knowledge of developments in similar cases involving matters appealed, in rulings by the Tax Court or the Supreme Court, where a positive appeal outcome is adjudged to be significantly uncertain, in which event the impact of an amendment of tax obligations is recognized based on the assessment amounts appealed.

In income tax calculation, the Company recognizes revenue from Disparity of Selling Price in the amount of the value of the receivables before adjusting for fair value (Note 9a). Difference in value of receivables with fair value is recognized as deferred tax assets. Recovery from adjusting the fair value of receivables in subsequent years will be recorded as interest income. The interest income is not recognized as an object of income tax but as a reversal of previously deferred tax assets.

Deferred tax

Deferred tax is recognized using the liability method for temporary differences 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, except:

i. deferred tax liabilities that occur from the initial recognition of goodwill or from assets or liabilities from transactions that are not business combination transactions, and at the time of the transaction do not affect accounting profit and taxable/taxable income;
ii. from taxable temporary differences in investments in subsidiaries, associated companies and interests in joint arrangements, which when reversed can be controlled and it is probable that the temporary differences will not be reversed in the near future.

Deferred tax assets are recognized for all deductible temporary differences, unused tax credit balances and accumulated unused tax losses. Deferred tax assets are recognized to the extent that it is probable that the amount of taxable income will be sufficient to be compensated with deductible temporary differences, and the application of unused tax credits and taxable accumulated losses that can be used, except:

i. if deferred tax assets arise from the initial recognition of an asset or liability in a transaction that is not a business combination transaction and does not affect the accounting profit or taxable income/tax loss; or

ii. from temporary differences that can be deducted from investments in subsidiaries, associated companies and interests in joint arrangements, deferred tax assets are only recognized if it is probable that the temporary differences will not be reversed in the near future and taxable profits can be compensated by the temporary difference.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced if the taxable income may not be sufficient to compensate for part or all of the benefits of the deferred tax asset. Deferred tax assets that are not recognized are reviewed at each reporting date and will be recognized if it is probable that future taxable profits will be available for recovery.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Income tax (continued)

Deferred Tax (continued)

Deferred tax assets and liabilities are measured using the tax rate that is expected to apply to the year when the asset is recovered or the liability is settled based on the tax rates and applicable tax regulations or substantively enacted at the reporting date.

Deferred tax assets and liabilities related to PSC activities are calculated using the tax rate that applies to the effective date of the PSC or renewal date or date of change in the PSC.

Deferred tax on goods recognized outside of profit or loss is recognized outside of profit or loss. Estimated deferred tax is recognized to correlate with underlying transactions in both the OCI and directly in equity.

Value Added Tax ("VAT")

Revenues, expenses and assets are recognized net of the amount of VAT except:

i. VAT that arises from the purchase of an asset or service that cannot be credited by the tax office, in which case the VAT is recognized as part of the acquisition cost of the asset or as part of the items applied for expenses; and

ii. Receivables and payables presented include the amount of VAT.

VAT on subsidies and/or Disparity of Selling Price will be recorded by the Company when submitting payments for subsidies and/or price differences to the Directorate General of Budget.

Final Tax

In accordance with taxation regulations in Indonesia, final tax is applied to the gross value of the transactions, even when the parties carrying the transactions recognizing losses.

Referring to revised PSAK No. 46 (Revised 2014), final tax is no longer governed by PSAK No. 46. Therefore, the Company has decided to present all of the final tax arising from interest income which subject to final tax as separate line item.

v. Segment information

An operating segment is a component of an enterprise:
a. that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses related to the transactions with different components within the same entity);
b. whose operating results are regularly reviewed by the enterprise’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and
c. for which discrete financial information is available.

w. Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready for use - are not subject to amortization and are tested annually for impairment.

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units or CGUs). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Bond issue costs

Bond issue costs are presented as a deduction from bonds payable as part of non-current liabilities in the consolidated statement of financial position.

The difference between net proceeds and nominal value represents a discount which is amortized using the EIR method over the term of the bond.

y. Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:
a. Joint ventures: where the Group has rights to only the net assets of the joint arrangement.
b. Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:
a. the structure of the joint arrangement;
b. the legal form of joint arrangements structured through a separate vehicle;
c. the contractual terms of the joint arrangement agreement;
d. any other facts and circumstances (including any other contractual arrangements).

The Group recognizes its interest in joint venture using equity method.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as non-financial assets.

The Group accounts for its interests in joint operations by recognizing its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

z. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

aa. Dividends

Dividend distribution to the shareholders is recognized as a liability and deducted from equity in the Group consolidated financial statements in the period in which the dividends are declared.

ab. Borrowing costs

Borrowing costs are interest and exchange differences on foreign currency denominated borrowings and other costs (amortization of discounts/premiums on borrowings, etc) incurred in connection with the borrowing of funds.

Borrowing costs which are directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the acquisition cost of the qualifying assets. Other borrowing costs are recognized as expense in the period in which they are incurred.

The Group ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ac. Fair value measurement

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability or;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy as follows:
- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

ad. Completion of consolidated financial statements

The Group's consolidated financial statements have been completed and authorized to be issued by the Company's Directors on July 15, 2019.

3. MANAGEMENT'S USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 2 to the consolidated financial statements, management is required to make estimates, judgements and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

These estimates, judgements and assumptions are based on historical experience and other factors that are considered to be relevant.

a. Judgements

The following judgements are made by management in the process of applying the Group's accounting policies:

i. Exploration and evaluation expenditures

The Group's accounting policies for exploration and evaluation expenditures result in certain items of expenditure being capitalized for an area of interest where it 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.

ii. Development expenditures

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.

iii. Uncertain tax exposure

Based on the tax regulations currently enacted, the management assessed if the amounts recorded under claim for tax refund are recoverable and refundable from the Tax Office. Further, the management also assessed possible liability that might arise from the tax assessment under objection.

3. MANAGEMENT'S USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

a. Judgements (continued)

iii. Uncertain tax exposure (continued)

Significant judgement is involved in determining the provision for corporate income tax and other taxes on certain transactions. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Group makes an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognized tax benefit should be recognized.

iv. Recognition of disparity of selling price of JBT diesel fuel and JBKP premium

Based on Presidential Regulation No. 43 Year 2018 dated May 25, 2018 regarding Amendment to Presidential Regulation No. 191 Year 2014 regarding Provision, Distribution and HJE Fuel Oil, it is stated that in the event, based on the Audit Board of the Republic of Indonesia (BPK)'s audit results in 1 (one) fiscal year, there are the excess and/or shortfall of revenue of the assigned business entity as a result of government's stipulated sellling price of fuel oil, the Minister of Finance, after coordinating with the Minister of Energy and Mineral Resources (the "MoEMR") and the Minister of State-Owned Enterprises (the "MoSOE"), establishes the policy for excess and/or shortfall of revenue of the business entity.

Management's confidence to record excess and/or shortfall of revenue from the Disparity of Selling Price in the period when sale of JBT Diesel Fuel and JBKP Premium occurs, if the settlement and/or collectability of such Disparity of Selling Price is certain, which are mainly supported if, the Company has transferred all risks and rewards of JBT Diesel Fuel and JBKP Premium to consumers across Indonesia areas and the Company retains neither continuing managerial involvement and effective control over JBT Diesel Fuel and JBKP Premium when the sale occurred and the BPK's audit results on the Disparity of Selling Price received by the Company. In respect of the shortfall of revenue from the Disparity of Selling Price, the collectabilty of revenue from the Disparity of Selling Price is certain when the Decision Letter from the Minister of Finance ("Decision Letter") has been received by the Company prior to the completion of the financial statements. The Company records such excess and/or shortfall of revenue from the Disparity of Selling Price in revenue from other operating activities account because it is part of the Company's operations.

b. Estimates and assumptions

The key assumptions regarding 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 period are disclosed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

i. Impairment of non-financial assets

In accordance with the Group's accounting policy, each asset or CGU is evaluated every reporting period to determine whether there are any indications of impairment.

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, 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 have an impact on the recoverable amount of the assets.

ii. Reserves estimates

Proved oil and gas reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved reserves include:
(i) proved developed reserves: amounts of hydrocarbons that are expected to be retrieved through existing wells, facilities and operating methods; and
(ii) proved undeveloped reserves: amounts of hydrocarbons that are expected to be retrieved following new drilling, facilities and operating methods.

3. MANAGEMENT'S USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

b. Estimates and assumptions (continued)

ii. Reserves estimates (continued)

The accuracy of proved reserve estimates depends on a number of factors, assumptions and variables such as: the quality of available geological, technical and economic data, results of drilling, testing and production after the date of the estimates, the production performance of the reservoirs, production techniques, projecting future rates of production, the anticipated cost and timing of development expenditures, the availability for commercial market, anticipated commodity prices and exchange rates.

As the economic assumptions used to estimate reserves change from year to year, and additional geological data are generated during the course of operations, estimates of reserves may change from year to year. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

i. Depreciation and amortization which are determined on a unit of production basis, or where the useful economic lives of assets change.
ii. Decommissioning, site restoration and environmental provision may change where changes in estimated reserves affect expectations about the timing or cost of these activities.
iii. The carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.

The Group has established proven reserves based on the principle of Petroleum Resources Management System ("PRMS") 2018 starting from January 1, 2019 (previously based on PRMS 2007). The characteristics of the estimation uncertainty of natural reservoirs of oil and gas reserve may lead to changes in the estimated reserves due to the additional data obtained by the Group.

iii. Oil and gas properties

The Group applies the successful efforts method for its oil and natural gas exploration and evaluation activities.

For exploration and exploratory-type stratigraphic test wells, costs directly associated with the drilling of those wells are initially capitalized as assets under construction within oil and gas properties, pending determination of whether potentially economically viable oil and gas reserves have been discovered by the drilling effort.

Such estimates and assumptions may change as new information becomes available. If the well does not discover potentially economically viable oil and gas quantities, the well costs are expensed as a dry hole and are reported in exploration expense.

iv. Provision for the impairment of loans and receivables

Provision for the impairment of receivables is maintained at a level considered adequate to provide for potentially uncollectible receivables. The Group assesses specifically at each balance sheet date whether there is objective evidence that a financial asset is impaired (uncollectible).

The level of provision is based on past collection experience and other factors that may affect collectability.

Loans and receivables write-offs are based on management's decision that the financial assets are uncollectible or cannot be realized regardless of the actions taken.

v. Due from the Government

The Group recognizes amounts due from the Government for cost subsidies for certain fuel ("BBM") products and 3 kg LPG cylinders and marketing fees in relation to the Government's share of crude oil, natural gas and LNG. The Group makes an estimation of the amount due from the Government based on the actual delivery volume parameter and rates based on government regulations. The amount of subsidies is subject to audit and approval by the Audit Board of the Republic of Indonesia ("BPK"). The actual results may be different from the amounts recognized.

(Expressed in thousands of United States Dollars, unless otherwise stated)

3. MANAGEMENT'S USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

b. Estimates and Assumptions (continued)

vi. Depreciation, estimate of residual values and useful lives of fixed assets

The useful lives of the Group's investment properties and fixed assets are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluations and experience with similar assets.

vii. Deferred tax assets

Deferred tax assets are recognized only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

viii. Provision for decommissioning and site restoration

The Group is obliged to carry out future decommissioning of oil and gas production facilities and pipelines at the end of their economic lives. The largest decommissioning obligations faced by the Group relate to the plugging and abandonment of wells and the removal and disposal of oil and gas platforms and pipelines in its contract area.

Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event actually occurs are uncertain. Decommissioning technologies and costs are constantly changing, as well as political, environmental, safety and public expectations. Consequently, the timing and amounts of future cash flows are subject to significant uncertainty. Changes in the expected future costs are reflected in both the provision and the related asset and could have a material impact on the Group's consolidated financial statements.

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST

The Group has acquired and added participating interest through acquisition transactions or acquisitions of terminated blocks. The acquisition transactions were made in accordance with the Group's strategy to develop its upstream business i.e. to increase oil, gas and geothermal production and reserves, and to expand the business overseas. The summary of the Group's transactions during 2016 until March 31, 2019 is as follows:

Acquisition of shares	Working area	Area	Percentage of participation	Production	Owned by
Share acquisition Etablissements Maurel et Prom SA (M&P)	France	Canada, Colombia, Nigeria, Gabon, France, Italy, Tanzania, Namibia and Myanmar	72.65%	Oil and gas	PT Pertamina Internasional Eksplorasi dan Produksi

Acquisition of working area and interest	Working area	Area	Effective date of contract	Expiry date of contract	Percentage of Participation	Production	Contract period	Owned by
Acquisition of Working Area Kampar Block	Kampar Block	Riau	01/01/2016	31/12/2035	100%	Oil and gas	20 years	PT Pertamina Hulu Energi
Acquisition of Working Area East Ambalat Block	East Ambalat Block	East Kalimantan	25/05/2016	24/05/2046	100%	Oil and gas	30 years	PT Pertamina Hulu Energi
Acquisition of Working Area Offshore North West Java	Offshore North West Java Block	North West Java	19/01/2017*	18/01/2037	90%	Oil and gas	20 years	PT Pertamina Hulu Energi
Acquisition of Working Area Geothermal Gunung Lawu	Gunung Lawu	Central Java and East Java	30/01/2017	29/01/2054	100%	Geothermal	37 years	PT Pertamina Geothermal Energy and PT Pertamina Hulu Energi
Acquisition working interest in Jambaran Tiung Biru Unitization Field	EP Block and Cepu Block	Central Java-East Java	01/01/2018**	16/09/2035	91.93%	Gas	Until the end of PEPC's PSC	PT Pertamina EP Cepu
Acquisition of Working Area Attaka (unitization)	Attaka	East Kalimantan	01/01/2018	24/10/2018	100%	Oil and gas	10 months	PT Pertamina Hulu Indonesia
Acquisition of Participating Interest In Working Area Mahakam	Mahakam	East Kalimantan	01/01/2018	31/12/2037	100%	Oil and gas	20 years	PT Pertamina Hulu Indonesia
Acquisition of Working Area Geothermal Seulawah Agam	Seulawah Agam	Aceh	09/04/2018	08/04/2055	75%	Geothermal	37 years	PT Pertamina Geothermal Energy
Acquisition of Working Area Tuban Block	Tuban Block	East Java	20/05/2018*	19/05/2038	100%	Oil and gas	20 years	PT Pertamina Hulu Energi

(Expressed in thousands of United States Dollars, unless otherwise stated)

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

Acquisition of working area and interest	Working area	Area	Effective date of contract	Expiry date of contract	Percentage of Participation	Production	Contract period	Owned by
Acquisition of Working Area Ogan Komering Block	Ogan Komering Block	South Sumatera	20/05/2018*	19/05/2038	100%	Oil and gas	20 years	PT Pertamina Hulu Energi
Acquisition working interest in Sukowati Unitization Field	Sukowati	Tuban	25/06/2018	24/06/2028	100%	-	20 years	PT Pertamina EP
Acquisition of Working Area Sanga Sanga Block	Sanga Sanga Block	East Kalimantan	08/08/2018*	07/08/2038	100%	Oil and gas	20 years	PT Pertamina Hulu Indonesia
Acquisition of Working Area Southeast Sumatera ("SES") Block	SES Block	South East Sumatera	06/09/2018*	05/09/2038	100%	Oil and gas	20 years	PT Pertamina Hulu Energi
Acquisition of Working Area North Sumatera Offshore ("NSO") Block	NSO Block	North Sumatera	17/10/2018*	16/10/2038	100%	Oil and gas	20 years	PT Pertamina Hulu Energi
Acquisition of Working Area East Kalimantan and Attaka Block	East Kalimantan and Attaka Block	East Kalimantan	25/10/2018*	24/10/2038	100%	Oil and gas	20 years	PT Pertamina Hulu Indonesia
Acquisition of Working Area Jambi Merang Block	Jambi Merang Block	South Sumatera	10/02/2019*	09/02/2039	100%	Oil and gas	20 years	PT Pertamina Hulu Energi
Acquisition of Working Area Raja/Pendopo Block	Raja/Pendopo Block	South Sumatera	06/07/2019*	05/07/2039	100%	Oil and gas	20 years	PT Pertamina Hulu Energi
Acquisition of Working Area Salawati Block	Salawati Block	Papua	23/04/2020*	22/04/2040	30%	Oil and gas	20 years	PT Pertamina Hulu Energi
Acquisition of Working Area Kepala Burung Block	Kepala Burung Block	Papua	15/10/2020*	14/10/2040	30%	Oil and gas	20 years	PT Pertamina Hulu Energi
Acquisition of Working Area Maratua Block	Maratua Block	North Kalimantan & East Kalimantan	18/02/2019*	17/02/2049	100%	Oil and gas	20 years	PT Pertamina Hulu Energi

* Note 4d
** Note 4f

a. Establishment of State-owned Oil and Gas Holding Enterprise

On December 30, 2016, the Government of Indonesia ("GOI") issued Government Regulation ("PP") No. 72/2016 as a revision to PP No. 44/2005 regarding Procedures and Administration of State Capital Investment in State-Owned Enterprises and Limited Company. This regulation is the legal basis for the establishment of state-owned holding enterprise that is being deliberated by the GOI.

On February 28, 2018, the GOI issued PP No. 6/2018 regarding Additional State Capital Investment in the Company. This regulation is to increase the GOI paid-up capital in the Company by transfering 13,809,038,755 (full amount) B series of PT Perusahaan Gas Negara Tbk ("PGN")'s shares owned by the GOI, which represents 56.96% of total PGN shares, to the Company.

On March 28, 2018, the Ministry of Finance issued Decree No. 286/KMK.06/2018 regarding the determination of the value of additional state capital participation in the Company's share capital. The decree stipulates that the value of additional state capital participation in the Company's share capital is Rp38,136,346,046,696 (full amount).

On April 11, 2018, the Minister of State-Owned Enterprises ("MoSOE") issued Letter No. S-216/MBU/2018 to approve the transfer of 56.96% B series of PGN shares and additional state capital investment in the Company amounting to Rp38,136,346,046,696 (full amount). On the same date, the MoSOE issued Letter No. S-217/MBU/04/2018 to increase the Company's authorized share capital from Rp200,000,000 million to Rp600,000,000 million with nominal amount of Rp1,000,000 (full amount) per share. This letter also approved additional issued and paid-up capital of the Company by 38,136,347 shares or amounting to Rp38,136,346,046,696 (full amount) or equivalent to US$2,774,157.

Further, on April 11, 2018, the MoSOE and the Company entered into an agreement regarding the transfer of Government rights at PGN to the Company, to increase the state capital participation in the Company.

On April 13, 2018, the Minister of Law and Human Rights issued Letter No. AHU-0008395.AH.01.02. 2018 regarding Approval of Changes in PT Pertamina (Persero) Articles of Association. It is stipulated that changes to Pertamina's Article of Association has been approved which is related to the total issued and paid-up shares of Rp171,227,044,000,000 (full amount) or equivalent to US$16,191,204.

(Expressed in thousands of United States Dollars, unless otherwise stated)

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

a. Establishment of State-owned Oil and Gas Holding Enterprise (continued)

On May 9, 2018, the MoSOE, as the holder of PGN's A Series Dwiwarna share, issued a Power of attorney letter in relation to transfer of rights and authority of A series PGN share to the Company as the majority holder of B series PGN shares. This letter is to provide PT Pertamina (Persero) control over PGN.

The above transaction is recorded in accordance with SFAS 38 (Revised 2012) "Business Combination of Entities Under Common Control".

The following is a summary of PGN's financial information at the acquisition date:

	Book value
ASSETS	
Current assets	2,021,879
Non-current assets	4,442,988
Total assets	**6,464,867**
LIABILITIES	
Current liabilities	553,560
Non-current liabilities	2,649,167
Total liabilities	**3,202,727**
EQUITY	
Share capital	344,019
Other paid-in capital	284,339
Retained earnings	
Appropriated	2,427,854
Unappropriated	223,501
Other components of equity	(36,868)
Total equity attributable to owners of the parent entity	**3,242,845**
B series shares transfer representing 56.96% ownership of interest	(1,847,125)
Consideration amount	2,774,157
Additional paid-in capital	**927,032**

Based on the amendment and restatement of the share purchase agreement between the Company and PGN dated December 28, 2018, PGN officially acquired the shares of PT Pertamina Gas ("Pertagas") owned by the Company as much as 51% (or 2,591,099 shares) worth Rp20.18 trillion, equivalent to US$1,351,955. With the acquisition of these shares, PGN effectively owned 51% of Pertagas shares including Pertagas 5 subsidiaries, PT Pertagas Niaga, PT Perta Arun Gas, PT Perta Daya Gas, PT Perta-Samtan Gas, and PT Perta Kalimantan Gas. In connection with this restructuring, the Company's effective ownership of Pertagas decrease from 100% to 78.05%.

b. Control over PT Nusantara Regas

The Company and PGN own 60% and 40% ownership of interest in Regas, respectively. As a result of the establishment of state-owned oil and gas enterprise, the Company indirectly owns 82.78% ownership of interest. The management conclude that the Company has majority vote over Regas to direct relevant activities. Therefore, the Company has control over Regas and starting April 11, 2018, the Company consolidates Regas financial statements.

(Expressed in thousands of United States Dollars, unless otherwise stated)

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

b. Control over PT Nusantara Regas (continued)

The following is a summary of Regas' financial information at the date when the Company obtains control.

	Book value
ASSETS	
Current assets	233,935
Non-current assets	56,116
Total Assets	**290,051**
LIABILITIES	
Current liabilities	20,769
Non-current liabilities	12,707
Total Liabilities	**33,476**
EQUITY	
Share capital	145,589
Retained earnings	
Appropriated	43,129
Unappropriated	68,026
Other components of equity	(169)
Total Equity	**256,575**

c. Acquisition of Etablissements Maurel et Prom SA ("M&P") shares

M&P is a listed company in Paris Stock Exchange which has the following production assets: Ezanga Block in Gabon (as the operator with Working Interest ("WI") of 80%); Mnazi Bay Field in Tanzania (as the operator with WI of 48.06%); and owns 20.46% shares in Seplat (a Company listed in Lagos Stock Exchange, Nigeria and London Stock Exchange, England) which has several production assets in Nigeria. M&P also has exploration assets and undeveloped discovery areas located in Italy, France, Myanmar, Canada, Tanzania, Gabon, Colombia, and Namibia.

On August 25, 2016, the Group through PT Pertamina Internasional Eksplorasi dan Produksi ("PIEP"), a wholly owned subsidiary of the Company, purchased all of the shares held by Pacifico in M&P representing 47,916,026 shares corresponding to 24.53% shares ownership in M&P. PIEP had increased its shares ownership through a tender offer process with the same terms and conditions to all M&P's shares.

The process of step-up acquisition through Voluntary Tender Offer is conducted in two stages. The first phase was completed on January 25, 2017 and the payment was made on February 1, 2017, in which PIEP owns 64.46% of M&P shares and 63.35% of voting rights, resulting in a "change of control" of M&P. The second phase of voluntary tender over was completed on February 15, 2017 and the payment was executed on February 22, 2017, therefore, from that date, PIEP becomes the holder of:
1. 141,911,939 M&P shares, representing 72.65% of share capital and 71.39% of the voting rights in M&P;
2. 14,641,233 ORNANE 2019 bonds, which represent 99.88% of the outstanding bonds;
3. 10,435,331 ORNANE 2021 bonds, which represent 99.99% of the outstanding bonds.

On December 20, 2017, M&P redeemed all ORNANE 2019 and ORNANE 2021 bonds owned by PIEP and paid in cash the nominal amount of the bonds and interest thereon, so that PIEP no longer holds ORNANE 2019 and ORNANE 2021 bonds.

Following the completion of the shares acquisition, PIEP became the majority shareholder and has full control over M&P.

(Expressed in thousands of United States Dollars, unless otherwise stated)

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

c. Acquisition of Etablissements Maurel et Prom SA (“M&P”) shares (continued)

Calculation of the fair value of identified assets and liabilities taken over by PIEP was completed on December 31, 2017.

Fair value adjustments mainly come from the valuation of reserves and sources of oil acquired, for exploration and/or production assets, in Gabon, Nigeria, Tanzania, and Venezuela.

The fair value of identified assets and liabilities arising from the acquisition of M&P are as follows:

	Amount
ASSETS	
Financial assets	353,653
Inventories	9,678
Prepaid taxes	70,844
Deferred tax assets	35,096
Long-term investments	94,697
Oil and gas properties	1,723,322
Other non-current assets	85,318
Total assets	**2,372,608**
LIABILITIES	
Financial liabilities	913,431
Tax payables	39,801
Deferred tax liabilities	371,004
Employee benefit liabilities	1,143
Provision for decommissioning and site restoration	41,110
Total liabilities	**1,366,489**
Net assets at the acquisition date (include deferred tax assets and liabilities)	**1,006,119**
Excess of book value over fair value	9,600
Fair value of net assets	1,015,719
Interest acquired	72.65%
Fair value of net assets acquired	737,920
Foreign currency translation	28,337
Bargain purchase	(54,130)
Purchase consideration through cash	**712,127**

Below is the cash flow analysis from the acquisition of M&P:

Transaction value of the acquisition	712,127
Less: Cash from M&P	(203,230)
Net cash flow to acquire control	**508,897**

The bargain purchase amount also include gain on remeasurement of the previously held equity interest amounting to US$42,658.

On November 5, 2018, M&P entered into an agreement with Rockover Energy Limited ("Rockover") to acquire the deferred payments owned by Rockover for a consideration of US$10.75 million (full amount) to be paid in cash and issuance of 5,373,209 new M&P shares.

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

c. Acquisition of Etablissements Maurel et Prom SA ("M&P") shares (continued)

On December 12, 2018, the extraordinary general meeting of M&P shareholders approved the delegation of authority relating to the capital increase for the purpose of transaction with Rockover to the Board of Directors. On December 14, 2018, the Board of Directors of M&P implemented this delegation of authority and decided to carry out the capital increase for a total nominal amount of €4,137,371 (full amount) through issuance of 5,373,209 new shares with a par value of €0.77 (full amount) each and a unit subscription price of €5.182 (full amount) each. Pursuant to the completion of the capital increase, Rockover holds 2.68% of M&P's share capital and resulted to the dilution of the Company's percentage of ownership in M&P from 72.65% to 70.75%.

In October 2018, Maurel & Prom Venezuela SLU ("M&P Venezuela"), a wholly owned subsidiary of M&P, signed a Share Sale and Purchase Agreement ("SSPA") for the acquisition of Shell Exploration and Production Investments B.V. ("Shell")'s 40% interest as "Shareholder B" in Mixed Company. Mixed Company operates the Urdaneta West field in Lake Maracaibo, Venezuela. Petróleos de Venezuela S.A. ("PDVSA"), through its wholly owned subsidiaries Corporación Venezolana del Petróleo ("CVP") and PDVSA Social ("PDVSAS") - collectively referred to as "Shareholder A", own the remaining 60% stake of the Mixed Company.

On December 3, 2018, pursuant to the approval from the Ministry of Petroleum of Venezuela, M&P Venezuela effectively acquired 40% shares from Shell in Mixed Company with total consideration payment for the acquisition of €70 million, which will be settled as follows:

1. €47 million have been paid at closing of the transaction in December 2018, and
2. €23 million to be in December 2019, 1(one) year after the closing of the transaction.

d. Gross split contract ("Gross Split")

On January 13, 2017, the regulation of the Minister of Energy and Mineral Resources ("MoEMR") No. 08/2017 regarding principles of the Production Sharing Contract without Cost Recovery Mechanism, also known as Gross Split PSC, was issued.

Following the expiration of Offshore North West Java ("ONWJ") PSC on January 18, 2017, PT Pertamina Hulu Energi ONWJ ("PHE ONWJ") and Special Unit for Upstream Oil and Gas Business Activities ("SKK Migas") signed the ONWJ block Gross Split PSC which become effective from January 19, 2017 with a 20 years contract period. The Gross Split scheme between the Government of Indonesia and the Contractor is disclosed in Note 43d.

On April 20, 2018, PT Pertamina Hulu Energi Tuban East Java, PT Pertamina Hulu Energi Ogan Komering and SKK Migas signed the Gross Split Tuban Block and Ogan Komering Block PSC which were effective from May 20, 2018 with a contract period of 20 years. PT Pertamina Hulu Energi OSES, PT Pertamina Hulu Energi NSO and SKK Migas also signed the Gross Split SES Block and NSO which was effective from September 6, 2018 and October 17, 2018 with a contract period of 20 years.

On May 31, 2018, PT Pertamina Hulu Energi Raja Tempirai, PT Pertamina Hulu Energi Jambi Merang and SKK Migas signed Gross Split Raja/Pendopo Block and Jambi Merang Block PSC which become effective from July 6, 2019 and February 10, 2019, respectively, with contract period of 20 years.

On July 11, 2018, PT Pertamina Hulu Energi Hulu Salawati, PT Pertamina Hulu Energi Hulu Salawati Basin, and SKK Migas signed the Gross Split PSC for the Salawati Block and the Kepala Burung Block which became effective from April 23, 2020 and October 15, 2020, respectively.

On April 20, 2018, PT Pertamina Hulu Sanga sanga and SKK Migas signed the Gross Split contract for the Sanga sanga block which became effective from August 8, 2018 for 20 years.

On April 20, 2018, Pertamina Hulu Kalimantan Timur and SKK Migas signed a Gross Split contract for the East Kalimantan and Attaka Block which became effective from October 25, 2018 for 20 years.

On February 18, 2019, PT Pertamina Hulu Energi Lepas Pantai Bunyu signed the Gross Split Maratua Block PSC with a 30-years contract period, which is effective from the date the signing of the PSC.

(Expressed in thousands of United States Dollars, unless otherwise stated)

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

e. Mahakam production sharing contract

In accordance with MoEMR Letter No. 2793/13/ME.M/2015 regarding *Pengelolaan Wilayah Kerja ("WK") Mahakam Pasca 2017*, the Company is appointed as the operator of the Mahakam Contract Area from the previous contractors Total E&P Indonesie and INPEX Corporation. To manage such working area, the Company, through PT Pertamina Hulu Indonesia ("PHI"), established a new entity called PT Pertamina Hulu Mahakam ("PHM").

Mahakam PSC was signed on December 29, 2015 by SKK Migas and PHM with effective date on January 1, 2018. The PSC uses the concept of production sharing, but has introduced a new sliding scale approach to calculate the contractor entitlement based on Revenue Over Costs ("R/C") ratio.

On October 25, 2016, the Amendment of Mahakam PSC was adopted, adding some important points, including the certainty of the costs incurred by PHM after the date of signing the contract but before the effective date of the contract. These costs will be included in cost recovery as operating cost after the effective date of contract.

On April 20, 2018, the second amendment of Mahakam PSC was signed, adding some important points, including the addition of Tengah working area into Mahakam working area. This amendment was effective on October 5, 2018.

The PSC term refers to PP. No. 79 Year 2010, where the assume and discharge mechanism for taxes that became incentives for PSC Contractors are treated as part of the cost to be recovered through the cost recovery mechanism.

The provisions are as follows:

- **Crude oil and natural gas production sharing**

  The sharing of oil production between PHM and the Government is 23.5294% and 76.4706%, respectively, while sharing of gas production is 47.0588% and 52.9412% for the first year of contract. The R/C factor in effect in the first year is 1.3 as stipulated in the PSC. Oil and gas production sharing for subsequent years are listed in the table below with R/C factor at the end of previous year.

  The R/C factor itself is the contractor's cumulative revenue from the date of signing the contract divided by the contractor's cumulative cost since the signing of the contract.

R/C	Tax Rate	Gross Contractor Share		Net Contractor Share	
		Oil	Gas	Oil	Gas
0 – 1	36.25%	31.3726%	54.9020%	20%	35%
0 – 1.2	36.25%	27.4510%	50.9804%	18%	33%
1.2 – 1.4	36.25%	23.5294%	47.0588%	15%	30%
1.4 – 1.6	36.25%	19.6078%	43.1373%	12%	28%
> 1.6	36.25%	15.6863%	39.2157%	10%	25%

- **First Tranche Petroleum ("FTP")**

  The Government and PHM are entitled to receive an amount equal to 20% of the total production of oil and gas each year before any deduction for recovery of operating costs and investment credit. FTP is shared between the Government and PHM in accordance with the entitlements to oil and gas production.

  As at the authorization date of these consolidated financial statements, the scheme for utilization of assets previously utilized by the predecessor Mahakam PSC contractors has not yet been determined by the Government, in this case the Directorate General of State Assets and MoEMR.

  On April 20, 2018, the second amendment of Mahakam PSC was signed, adding some important points, including the addition of Tengah working area into Mahakam working area. This amendment became effective on October 5, 2018.

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

f. Addition of 41.37% of PT Pertamina EP Cepu's ("PEPC") participating interest in Jambaran-Tiung Biru ("JTB") unitization field

Effective November 3, 2017, PEPC acquired an additional 41.37% participating interest in the JTB unitization field previously held by ExxonMobil Cepu Limited and Ampolex (Cepu) Pte. Ltd., increasing the Company's participating interest in JTB unitization field to 82.74%. The other contractors in JTB field are PT Pertamina EP with 8.06% and Badan Usaha Milik Daerah ("BUMD") with 9.19%.

Through Letter No. 001/KETUA-BKS/XI/2017 dated November 17, 2017 and Letter No. 004/KETUA-BKS/XII/2017 dated December 19, 2017, Cooperating Body Participating Interest Block ("PI BKS") Cepu conveyed the resignation of 4 Members of the PI BKS Cepu Block namely PT Asri Dharma Sejahtera ("ADS"), PT Sarana Patra Hulu Cepu ("SPHC"), PT Blora Patragas Hulu ("BPH"), PT Petrogas Jatim Utama Cendana ("PJUC"), which the four members stated they would not participate in the development of the Jambaran-Tiung Biru Field Gas project ("JTB") starting January 1, 2018.

Effective January 1, 2018, the Company added a 9.19% participating interest in the JTB unitization field previously owned by the PI BKS (ADS, SPHC, BPH, PJUC) so that the Company's participating interest in the JTB unitization field becomes 91.93%. Payment for this acquisitions totaled to US$16,764. The acquisitions of this participating interests was recorded as an additional oil and gas assets.

g. Establishment of PT Pertamina Hulu Rokan ("PHR")

Based on the Decree of the Minister of Energy and Mineral Resources No. 1923K/10/MEM/2018 dated August 6, 2018 regarding Agreement on Management of Establishment of Principal Forms and Conditions (Terms and Conditions) of Cooperation Contracts in Rokan Work Areas, one of the requirements that must be fulfilled by Pertamina includes preparing a new subsidiary, signature bonus and payment of work commitments.

On December 20, 2018, PT Pertamina Hulu Rokan was established based on Notarial Deed No.13 dated December 20, 2018 from Lenny Janis Ishak, S.H. Deed of establishment of PHR was approved by the Minister of Law and Human Rights through Letter No. AHU-0061348.AH.01.01.2018 dated December 21, 2018. PHR will manage the Rokan Block from 2021 to 2041. Total authorized capital of PHR is US$3,140,000 with paid-in capital of US$785,000. The paid-up capital was used to pay the signing bonus to the Government of Indonesia in the amount of US$783,980 on December 21, 2018, and is to be used as working capital during the first year of managing its working area.

h. Addition of 20% of PT Pertamina EP's participating interest in Sukowati unitization field

Based on SKK Migas letter No. SRT-0493/SKKMA0000/2018/S1 dated June 25, 2018 regarding the determination of the new unitization operator of Sukowati Field, CPA Mudi production facilities and Cintanatomas FSO, PT Pertamina EP was appointed as the new operator of the Sukowati Field.

Based on a joint agreement regarding the management of Sukowati Field unitization, the operation of the CPA Mudi production facility and Cintanatomas FSO dated May 16, 2018 between PT Pertamina EP and PT Pertamina Hulu Energi Tuban East Java, it was agreed that PT Pertamina EP had an interest participation unit of 100% (Note 43c).

i. Temporary cooperation contract of Attaka working area

The Temporary Cooperation Contract ("TCC") was made and signed on November 2, 2017 by SKK Migas and PT Pertamina Hulu Attaka, explained all terms, conditions, rights and obligations, of and pursuant to the ex-Attaka PSC shall be applicable to the TCC from the date of January 1, 2018 until October 24, 2018.

j. Decrease in the percentage of ownership of the Company at PT Asuransi Tugu Pratama Indonesia Tbk (formerly PT Tugu Pratama Indonesia)

On May 28, 2018, ATPI became a public company by issuing 177,777,800 shares of new shares. As a result, the percentage of the Company's ownership in ATPI decreased from 65.0% to 58.5%. This reduction in the percentage of ownership does not result in a loss of Company's control in ATPI. Thus, the impact of this transaction amounting to US$20,551 is calculated as an equity transaction and recorded in the difference account of transactions with non-controlling interests.

(Expressed in thousands of United States Dollars, unless otherwise stated)

4. ACQUISITION AND ADDITION OF PARTICIPATING INTEREST (continued)

k. Addendum to the agreement on the transfer and management of the ONWJ Block PSC

On February 6, 2019, PHE ONWJ and PT Migas Hulu Jabar ONWJ ("MUJ ONWJ") have signed an addendum on the transfer agreement and management of 10% working interest at ONWJ PSC. MUJ's share of production from the ONWJ PSC, less its share of expenses in the PSC from January 19, 2017 to December 31, 2018 is US$16,303. Settlement of such amount has been made by PHE ONWJ to MUJ on February 8, 2019.

Starting from the date of the transfer, payments of MUJ ONWJ's share of the production is made on a monthly basis by PHE ONWJ after deducting MUJ ONWJ's share of the ONWJ PSC's operating costs and other obligations in accordance with the PSC.

In the event MUJ ONWJ's share of production in the current month is insufficient to cover for MUJ ONWJ's share of operating costs, the cumulative underpayment will be carried over to the following months.

To ensure MUJ ONWJ's revenue, the production sharing and operating costs sharing with MUJ ONWJ is calculated based on provisional percentage for a full year, in accordance with the attachment to the addendum to the agreement. In the event in any year the cumulative operating costs which is payable by MUJ ONWJ to PHE ONWJ exceeds MUJ ONWJ's share of production, PHE ONWJ will pay US$1 (full amount) for each month in the following year.

5. PURPOSE OF PREPARATION AND ISSUANCE OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements has been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of the Company in the United States of America and outside of the United States of America in reliance on Rule 144A and Regulation S, respectively, under the United States Securities Act of 1993.

6. CASH AND CASH EQUIVALENTS

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Cash on hand	11,425	4,119	8,174	5,976
Cash in banks	3,698,377	5,045,496	2,770,229	3,011,880
Time deposits	4,612,308	4,062,697	3,631,424	3,703,712
Total	**8,322,110**	**9,112,312**	**6,409,827**	**6,721,568**

The details of cash and cash equivalents based on currency and by individual bank are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Cash on hand:				
Rupiah	10,480	3,128	7,515	5,205
US Dollar	826	891	567	654
Others	119	100	92	117
Total cash on hand	**11,425**	**4,119**	**8,174**	**5,976**

(Expressed in thousands of United States Dollars, unless otherwise stated)

6. CASH AND CASH EQUIVALENTS (continued)

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Cash in banks				
US Dollar:				
Government-related entities				
- PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")	795,012	891,329	514,299	770,965
- PT Bank Negara Indonesia (Persero) Tbk ("BNI")	720,685	844,933	636,281	627,690
- PT Bank Mandiri (Persero) Tbk ("Bank Mandiri")	478,385	581,752	562,533	722,517
- Other banks (each below US$10,000)	1,982	1,526	852	9,033
Third parties				
- Crédit Agricole Corporate and Investment Bank ("Crédit Agricole CIB", previously "Calyon")	264,703	214,982	83,209	-
- PT Bank Sumitomo Mitsui Indonesia ("SMBC Indonesia")	82,455	2,515	32,293	42,645
- Citibank, N.A. ("Citibank")	44,850	49,440	35,603	31,751
- J.P. Morgan Chase & Co.	22,677	16,130	-	-
- PT Bank Maybank Indonesia Tbk ("Maybank" previously PT Bank Internasional Indonesia "BII")	4,230	3,797	4,523	10,367
- Sumitomo Mitsui Banking Corporation	-	94,194	-	-
- Other banks (each below US$10,000)	9,556	9,735	14,291	26,128
Total US Dollar accounts	2,424,535	2,710,333	1,883,884	2,241,096
Rupiah:				
Government-related entities				
– Bank Mandiri	364,354	651,073	270,785	277,654
– BNI	332,423	547,355	185,568	93,136
– PT Bank Tabungan Negara (Persero) Tbk ("BTN")	224,180	265,065	198,404	177,970
– BRI	186,733	598,851	132,696	138,245
– PT Bank BRIsyariah Tbk ("BRI Syariah")	21,306	48,692	9	6
– PT Bank BNI Syariah ("BNI Syariah")	1,852	14,188	1,065	705
– Others banks (each below US$10,000)	4,944	9,745	2,664	4,106
Third parties				
– PT Bank Central Asia Tbk ("BCA")	54,824	40,008	32,022	31,243
– Citibank	12,148	24,875	20,965	5,210
– Other banks (each below US$10,000)	16,274	17,866	15,622	16,048
Total Rupiah accounts	1,219,038	2,217,718	859,800	744,323
Euro:				
Government-related entities				
– BNI	7	8	554	4
– BRI	1	1	1	18,271
– Bank Mandiri	-	220	123	8
Third parties				
– Crédit Agricole CIB	11,787	64,889	-	-
Total Euro accounts	11,795	65,118	678	18,283
Malaysian Ringgit:				
Third parties				
– RHB Bank Berhad	33,600	39,417	20,946	868
Cash in banks-other currency accounts-Third Parties	9,409	12,910	4,921	7,310
Total cash in banks	**3,698,377**	**5,045,496**	**2,770,229**	**3,011,880**

(Expressed in thousands of United States Dollars, unless otherwise stated)

6. CASH AND CASH EQUIVALENTS (continued)

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Time deposits with original maturities of three months or less				
US Dollar accounts:				
Government-related entities				
– BRI	1,346,308	508,397	1,003,976	221,095
– BNI	865,279	193,671	398,530	168,163
– Bank Mandiri	553,210	32,760	22,958	417,300
– PT Bank Syariah Mandiri (“Bank Syariah Mandiri”)	5	50,005	5	5
– BTN	-	127,500	17,500	-
Third parties				
– MUFG Bank, Ltd. (“MUFG Bank” previously The Bank of Tokyo Mitsubishi UFJ)	35,770	-	-	-
– Citibank	20,000	15,000	-	-
– PT Bank Bukopin Tbk (“Bukopin”)	7,400	7,900	3,670	10,227
– PT Bank Muamalat Tbk (“Bank Muamalat”)	4,000	12,000	-	21,550
– Industrial and Commercial Bank of China Ltd. (“ICBC”)	-	20,000	-	-
– BCA	-	-	-	10,000
– Other banks (each below US$10,000)	11,211	-	245	12,893
Total time deposits - US Dollar accounts	2,843,183	967,233	1,446,884	861,233
Rupiah accounts:				
Government-related entities				
– BRI	730,629	1,351,105	999,443	1,303,358
– BTN	361,113	454,425	129,046	56,168
– Bank Mandiri	201,776	516,931	410,020	659,767
– BNI	177,734	505,346	471,616	698,688
– PT Bank BNI Syariah (“BNI Syariah”)	89,160	18,591	29,340	38,070
– Bank Syariah Mandiri	88,086	137,711	48,435	38,642
– PT Bank Rakyat Indonesia Agroniaga Tbk (“BRI Agroniaga)	48,602	47,807	25,834	21,584
– BRI Syariah	14,041	13,811	148	149
– Other banks (each below US$10,000)	1,404	3,453	2,804	2,345
Third parties				
– ICBC	21,129	-	-	-
– PT Bank Bukopin Tbk	13,531	12,098	24,648	2,108
– Bank Muamalat	7,858	7,032	4,601	10,159
– BCA	1.404	3,798	23,620	1,489
– Other banks (each below US$10,000)	12,476	17,015	14,985	9,952
Total time deposits-Rupiah accounts	1,768,943	3,089,123	2,184,540	2,842,479
Time deposits-other currencies accounts	182	6,341	-	-
Total time deposits	**4,612,308**	**4,062,697**	**3,631,424**	**3,703,712**
Total cash and cash equivalents	**8,322,110**	**9,112,312**	**6,409,827**	**6,721,568**

Annual interest rates on time deposits during three-month periods ended March 31, 2019, and for the years ended December 31, 2018, 2017, and 2016, were as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Rupiah	3.45%-8.50%	3.25%-9.00%	3.00%-8.75%	3.75%-10.50%
US dollar	0.24%-3.27%	0.50%-3.37%	0.40%-2.36%	0.50%-1.75%
Singapore dollar	0.50%	0.50%	-	-

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(Expressed in thousands of United States Dollars, unless otherwise stated)

7. RESTRICTED CASH

Restricted cash are moneys in escrow accounts in US dollar and Indonesian rupiah, and are as follows:

	March 31, 2019 (unaudited)	December 31,		
		2018	2017	2016
US dollar accounts:				
Government-related entities				
– Bank Mandiri	56,088	58,140	2,165	3,819
– BNI	12,035	10,401	38,526	29,965
– BRI	11,731	11,725	40,469	69,784
Third parties				
– BNP Paribas	18,000	18,000	18,000	-
– SMBC Indonesia	4,552	4,000	11,752	-
– Other banks (each below US$10,000)	685	685	231	413
Rupiah accounts:				
Government-related entities				
– BNI	4,333	3,553	3,453	4,243
– BRI	969	1,421	3,408	6,066
– Bank Mandiri	944	990	875	978
Third parties				
– Other banks (each below US$10,000)	-	-	792	7,429
	109,337	**108,915**	**119,671**	**122,697**

Annual interest rates on restricted cash during during three-month periods ended March 31, 2019, and for the years ended December 31, 2018, 2017, and 2016 were as follows:

	March 31, 2019 (unaudited)	December 31,		
		2018	2017	2016
Rupiah	3.50%-8.44%	5.00%-7.80%	2.00%-8.50%	0.75%-5.60%
US dollar	0.04%-2.70%	0.24%-0.88%	0.75%-0.80%	0.10%-0.80%

US dollar accounts

The escrow accounts were related to letters of credit ("L/C") issued for the procurement of crude oil and other petroleum products as well as bank guarantees.

Rupiah accounts

The escrow accounts are time deposits used as collateral for bank guarantees and performance bonds.

8. RECEIVABLES - THIRD PARTIES

a. Trade receivables

	March 31, 2019 (unaudited)	December 31,		
		2018	2017	2016
Trade receivables	2,399,099	2,161,456	1,792,133	1,646,792
Provision for impairment	(212,126)	(228,001)	(211,506)	(204,340)
Total	**2,186,973**	**1,933,455**	**1,580,627**	**1,442,452**

(Expressed in thousands of United States Dollars, unless otherwise stated)

8. RECEIVABLES - THIRD PARTIES (continued)

a. Trade receivables (continued)

Movements in the provision for impairment of trade receivables are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Beginning balance	(228,001)	(211,506)	(204,340)	(189,221)
Impairment during the period/year	(664)	(29,957)	(42,001)	(16,762)
Reversal of impairment on the recovered receivables during the period/year	44	7,652	33,935	2,987
Foreign exchange difference	16,495	5,810	900	(1,344)
Ending balance	**(212,126)**	**(228,001)**	**(211,506)**	**(204,340)**

The maximum exposure to credit risk at reporting date is the carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

Based on management's review of the collectability of each balance of trade receivables as at the dates of March 31, 2019, and December 31, 2018, 2017, and 2016, management believes that the provision for impairment is adequate to cover the potential losse as a result of uncollected third party trade receivables.

Certain trade receivables were pledged as collateral for certain subsidiaries' long term loans (Note 20a).

Management believes that there are no significant concentrations on credit risk involving trade receivables from third parties.

Details of trade receivables by curencies are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
US dollar	1,478,628	1,323,528	1,037,216	1,097,431
Rupiah	919,670	837,130	754,907	549,361
Singapore dollar	705	700	-	-
Euro	96	98	10	-
Total	**2,399,099**	**2,161,456**	**1,792,133**	**1,646,792**

b. Other receivables

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Reinsurance assets	336,692	333,119	243,068	245,188
Receivables from subsidiary operations in oil and gas related activities	171,270	132,545	256,883	134,990
Others	290,261	286,788	139,060	281,255
Sub-total	798,223	752,452	639,011	661,433
Provision for impairment	(18,180)	(18,140)	(18,551)	(11,635)
Total other receivables	**780,043**	**734,312**	**620,460**	**649,798**

(Expressed in thousands of United States Dollars, unless otherwise stated)

8. RECEIVABLES - THIRD PARTIES (continued)

b. Other receivables (continued)

Reinsurance assets represent the amount of premium paid or part of PT Asuransi Tugu Pratama Indonesia Tbk premium for prospective reinsurance and retrocession transactions.

Movements in the provision for impairment of other receivables are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Beginning balance	(18,140)	(18,551)	(11,635)	(9,010)
Recovery/(additions) of impairment during the period/year	(40)	411	(6,916)	(2,625)
Ending balance	**(18,180)**	**(18,140)**	**(18,551)**	**(11,635)**

Based on a review of the balance of other receivables at the end of the year, management believes that the allowance for impairment losses is adequate to cover possible losses that may arise from uncollectible other receivables.

9. DUE FROM THE GOVERNMENT

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
The Company:				
Receivables on revenue recognition from Disparity of Selling Price	3,029,233	2,924,148	-	-
Receivables from reimbursement of subsidy costs for LPG 3 kg cylinders	1,471,665	1,147,538	1,404,911	1,068,920
Receivables from reimbursement of subsidy costs for certain fuel (BBM) products	368,762	175,556	473,928	422,398
Receivables for kerosene subsidies reimbursement	17,108	16,828	-	-
Receivables from marketing fees	77,179	72,489	49,902	86,811
Kerosene conversion	10,767	10,626	-	-
Others	-	-	102	14
Sub-total	4,974,714	4,347,185	1,928,843	1,578,143
Subsidiaries	592,192	411,224	337,832	214,314
	5,566,906	4,758,409	2,266,675	1,792,457
Provision for impairment	-	-	(110,936)	-
Total (Note 41)	**5,566,906**	**4,758,409**	**2,155,739**	**1,792,457**
Current portion	(2,537,673)	(1,834,261)	(1,492,625)	(1,792,457)
Non-current portion	**3,029,233**	**2,924,148**	**663,114**	**-**

Movements in the provision for impairment of due from the Government are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Beginning balance	-	(110,936)	-	(33,196)
Impairment during the period/year	-	-	(363,830)	-
Reversal of impairment during the period/year	-	106,085	252,894	7,312
Adjustment	-	-	-	25,884
Foreign exchange gain	-	4,851	-	-
Ending balance	**-**	**-**	**(110,936)**	**-**

(Expressed in thousands of United States Dollars, unless otherwise stated)

9. DUE FROM THE GOVERNMENT (continued)

a. Receivables on revenue recognition from Disparity of Selling Price

Details of receivable from revenue recognition from Disparity of Selling Price are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Receivables on revenue recognition from Disparity of Selling Price:				
2018	2,657,132	2,657,132	-	-
2017	1,248,347	1,248,347	-	-
Sub total	**3,905,479**	**3,905,479**	**-**	**-**
Initial fair value adjustments of receivables:				
2018	(773,562)	(773,562)	-	-
2017	(207,769)	(207,769)	-	-
Sub total	**(981,331)**	**(981,331)**	**-**	**-**
Net receivables amount post fair value adjustment before unwinding interest, changes in estimate and effect of foreign exchange difference:				
2018	1,883,570	1,883,570	-	-
2017	1,040,578	1,040,578	-	-
Sub total	**2,924,148**	**2,924,148**	**-**	**-**
Effects of unwinding interest:				
2018	37,293	-	-	-
2017	19,568	-	-	-
Sub total	**56,861**	**-**	**-**	**-**
Effect of foreign exchange difference in 2019:				
2018	31,058	-	-	-
2017	17,166	-	-	-
Sub total	**48,224**	**-**	**-**	**-**
Net ending balance:				
2018	1,951,921	1,883,570	-	-
2017	1,077,312	1,040,578	-	-
TOTAL	**3,029,233**	**2,924,148**	**-**	**-**

On July 16, 2018, BPK issued its audit results ("LHP") No. 36/AUDITAMA VII/PDTT/07/2018 on the calculation and distribution of subsidized JBT Diesel Fuel and 3 kg LPG cylinders. Based on such LHP, the Company is recommended to request reimbursement from the Government for the 2017 Disparity of Selling Price of JBT Diesel Fuel amounting to Rp20.79 trillion or equivalent to US$1,444,076 (including Value Added Tax - "VAT" and Motor Vehicle Fuel Tax - "PBBKB" amounting to Rp2.71 trillion or equivalent to US$188,358) and JBKP Premium amounting to Rp5.51.trillion or equivalent to $382,904 (including VAT and PBBKB amounting to Rp0.72 trillion or equivalent to US$49,944).

9. DUE FROM THE GOVERNMENT (continued)

a. Receivables on revenue recognition from Disparity of Selling Price (continued)

In accordance with the MoF Letter No. 642/MK.02/2018 dated August 24, 2018, the MoF, after coordinating with the MoEMR and the MoSOE, issued a policy that the Government would reimburse the Company's revenue shortfall from the sale of JBT Diesel Fuel in accordance with BPK's LHP.

On May 20, 2019, the BPK issued its LHP with Specific Purposes on the Sales and Distribution of Fuel Oil and 3kg LPG Cylinders, and Calculation of JBT Diesel Fuel & 3kg LPG Cylinders Subsidized in 2018 to PT Pertamina (Persero), PT AKR Corporindo Tbk., and other related agencies in North Sumatera, Riau, South Sumatera, Lampung, Banten, DKI Jakarta, West Java, Central Java, Yogyakarta Special Region, East Java, West Nusa Tenggara, West Kalimantan, East Kalimantan, North Sulawesi, South Sulawesi, North Maluku, and Papua No. 31/AUDITAMA VII/PDTT/05/2019, which was received by the Company on May 23, 2019. Based on such LHP, among others, the Company experienced:

- Shortfall of revenue from Disparity of Selling Price in the distribution of JBT Diesel Fuel in 2018 amounting to Rp29.31 trillion or equivalent to $2,024,203 (including VAT and PBBKB amounting to Rp18 trillion or equivalent to US$288,943);
- Shortfall of revenue from Disparity of Selling Price in the distribution of JBT Kerosene in 2018 amounting to Rp243.68 billion or equivalent to US$16,828 (excluding VAT) due to the determination of Market Index Prices ("HIP") and Basic Prices of Kerosene JBT not in accordance with the calculation of formula retail retail prices of fuel oil;
- Shortfall of revenue from Disparity of Selling Price in the distribution of JBKP Premium in 2018 amounting to Rp23.27 trillion or equivalent to $1,456,076 (including VAT and PBBKB), which consists of shortfall of revenue in the distribution of JBKP Premium in Java, Madura, and Bali ("Jamali") and outside Java, Madura, and Bali ("Non Jamali") areas amounting to Rp7.74 trillion or equivalent to US$534,205 (including VAT and PBBKB) and Rp15.53 trillion or equivalent to US$921,871 (including VAT and PBBKB), respectively;
- Excess of revenue from the sale of JBKP Premium Jamali that exceeded the Government stipulated HJE amounting to Rp234.82 billion or equivalent to US$16,216 due to the determination of the Jamali area to be the assignment area;

Based on such LHP, the Company was recommended by BPK to coordinate with the MoF, the MoEMR and the MoSOE in respect to the policy of regulating shortfall of revenue in the distribution of JBT Diesel Fuel, JBT Kerosene and JBKP Premium in 2018, in accordance with applicable procedures and regulations. Meanwhile, for the Company's excess of revenue from sale of the JBKP Premium Jamali, the Company was recommended by the BPK to deposit such excess of revenue with the State Treasury.

In accordance with the MoF Letter No. S-430/MK.02/2019 dated May 28, 2019, the MoF, after coordinating with the MoEMR and the MoSOE, issued a policy that the Government will reimburse the Company's revenue shortfall from the sale of JBT Diesel Fuel and JBKP Premium Non-Jamali in accordance with BPK's LHP No. 31/AUDITAMA VII/PDTT/05/2019. Meanwhile, the excess and shortfall of the Company's revenue from the sale of JBKP Premium Jamali become the excess and shortfall of Company's revenue.

Prior to receiving BPK's LHP and the MoF letter discussed above, the Company received BPK Letter No. 126/S/XX/05/2019 on Submission of Draft Audit Reports with Specific Purposes on the Sales and Distribution of Fuel Oil and 3kg LPG Cylinders, and Calculation of JBT Diesel Oil & 3kg LPG Cylinders Subsidized in 2018 to PT Pertamina (Persero), PT AKR Corporindo Tbk., and other related agencies dated May 17, 2019 and MoSOE Letter No. SR-330/MBU/05/2019 dated May 17, 2019 regarding the bookkeeping of the disparity in retail selling price of JBT and JBKP Non Jamali and the shortfall in of revenue from JBT Kerosene with the value in accordance with the draft of the BPK audit report.

Based on the above matters, the Company recognized revenue and due from Government for the 2018 Disparity of Selling Price of JBT Diesel Fuel and JBKP Premium Non-Jamali, prior to fair value adjustment, amounting to Rp25.13 trillion or equivalent to US$1,735,260 (excluding VAT and PBBKB amounting to Rp4.18 trillion or equivalent to US$288,943) and Rp13.35 trillion or equivalent to US$921,871 (excluding VAT and PBBKB amounting to Rp2.19 trillion or equivalent to US$151,057), respectively and the 2017 Disparity of Selling Price of JBT Diesel Fuel, prior to fair value adjustment, amounting to Rp18.08 trillion or equivalent to US$1,248,347 (excluding VAT and PBBKB of Rp2.71 trillion or equivalent to US$187,252).

(Expressed in thousands of United States Dollars, unless otherwise stated)

9. DUE FROM THE GOVERNMENT (continued)

a. Receivables on revenue recognition from Disparity of Selling Price (continued)

The assumptions used for calculating the fair value of receivable on revenue recognation from Disparity of Selling Price are as follows:

Year	Payment Installments	Discount interest rate (yield) Government Rupiah Bonds	Estimate Year of Receipt
2018	Installment 1	7.91%	2022
	Installment 2	8.01%	2023
2017	Installment 1	7.38%	2020
	Installment 2	7.72%	2021

b. Receivable from reimbursement of subsidy costs for LPG 3kg cylinders

These receivables represent subsidy reimbursements for 3kg LPG cylinders which were distributed to the public by the Company. This Government assignment is in the form of a PSO and its pricing is based on a yearly contract with MoEMR.

The receivable balance for the 3kg LPG cylinders subsidy will be settled through the APBN mechanism in the next period.

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Beginning balance	1,147,538	1,404,911	1,068,920	934,825
Subsidy reimbursements for 3kg LPG cylinders for current year (Note 29)	675,269	3,496,603	2,977,967	1,817,647
Correction from government audit for subsidy reimbursement for 3kg LPG cylinders for the year:				
- 2018 (Note 29)	-	(1,252)	-	-
- 2017 (Note 29)	-	(5,661)	-	-
- 2016 (Note 29)	-	-	(484)	-
- 2015 (Note 29)	-	-	-	(479)
Cash received	(441,132)	(3,614,277)	(2,624,110)	(1,720,295)
Foreign exchange gain (loss)	89,990	(132,786)	(17,382)	37,222
Ending balance	**1,471,665**	**1,147,538**	**1,404,911**	**1,068,920**

(Expressed in thousands of United States Dollars, unless otherwise stated)

9. DUE FROM THE GOVERNMENT (continued)

c. Receivables from reimbursement of subsidy costs for certain fuel (BBM) products

The Company's receivable of subsidy reimbursements for BBM products represents billings for the BBM subsidy provided to the public.

The PSO mandate to the Company from the Government is based on annual contract with BPH Migas. The retail sales price of the subsidised BBM products is based on MoEMR's Decree.

The receivable balance of subsidy reimbursements for BBM products will be setlled through the next State Budget and Expenditure ("APBN") period.

	March 31, 2019 (unaudited)	December 31,		
		2018	2017	2016
Beginning balance	175,556	473,928	422,398	893,062
Subsidy reimbursements for BBM products for current year (Note 29)	520,120	2,126,796	595,206	753,250
Taxes	30,922	266,693	69,617	83,145
Correction from Government audit for subsidy reimbursement for BBM products for the year:				
- 2018 (Note 29)	-	(699)	-	-
- 2017 (Note 29)	-	(147)	-	-
- 2016 (Note 29)	-	-	(605)	-
- 2015 (Note 29)		-	-	(1,574)
Cash received	(364,055)	(2,600,487)	(600,992)	(1,334,981)
Gain/(loss) on foreign exchange	6,219	(90,528)	(11,696)	29,496
Ending balance	**368,762**	**175,556**	**473,928**	**422,398**

Corrections of the calculation of the fuel subsidy cost reimbursement bill is based on the results of the BPK's and recorded in the period in which the audit was completed.

On August 16, 2018, the MoEMR issued Regulation No. 40 of 2018 which replaces MoEMR Regulation No. 39 of 2014 regarding the calculation of the retail selling price of fuel oil. In accordance with the new regulation, the retail selling price of Automotive Diesel Oil ("ADO") per liter at the point of delivery is calculated based on formula prices, including VAT, with a maximum subsidy of Rp2,000 (full amount) per liter and applied retrospectively starting January 1, 2018

d. Receivables for kerosene subsidies reimbursement

As discussed in Note 9a above, based on BPK's LHP No. 31/AUDITAMA VII/PDTT/05/2019 dated May 20, 2019, the Company experienced a shortfall of revenue in the distribution of JBT Kerosene in 2018 amounting to Rp243.68 billion (excluding VAT amounting to Rp24.38 billion) due to the determination of Market Index Prices ("HIP") and Basic Prices of Kerosene JBT were not in accordance with the calculation of formula retail prices of fuel oil stipulated in MoEMR Decree No.62K/10/MEM/2019 regarding Basic Formula Price for Specific Type of Fuel Oils and Special Types of Fuel Assignment. The Company's management believes that such shortfall of revenue will be reimbursed by the Government through a subsidy mechanism.

(Expressed in thousands of United States Dollars, unless otherwise stated)

9. DUE FROM THE GOVERNMENT (continued)

e. Receivables from marketing fees

These receivables represent amounts due from the Government through SKK Migas to the Company for fees from marketing activities in relation to the Government's crude oil, natural gas and LNG.

The details of marketing fees are as follows:

	March 31, 2019 (unaudited)	December 31,		
		2018	2017	2016
Receivables of marketing fees:				
2019	4,690	-	-	-
2018	22,587	22,587	-	-
2017	26,529	26,529	26,529	-
2016	23,373	23,373	23,373	23,373
2015	-		-	20,698
2014	-		-	9,150
2013	-		-	9,007
2012	-		-	11,866
2011	-		-	12,717
Total	**77,179**	**72,489**	**49,902**	**86,811**

f. Subsidiaries receivables

	March 31, 2019 (unaudited)	December 31,		
		2018	2017	2016
PEP				
- Domestic Market Obligation ("DMO") fees	106,928	106,398	90,930	77,340
- Underlifting	-	18,942	-	-
PHE				
- DMO fees	18,357	15,414	25,859	25,613
- Underlifting	21,860	25,730	46,480	31,395
PEPC				
- Underlifiting	423,189	224,904	174,563	79,966
PHI				
- DMO fees	21,858	18,780	-	-
- Underlifting	-	1,056	-	-
Total – subsidiaries	**592,192**	**411,224**	**337,832**	**214,314**

DMO fees represent amounts due from the Government in relation with the obligations of subsidiaries in providing crude oil to meet domestic market needs for oil products in accordance with their KKS.

The underlifting receivables represent receivables from subsidiaries of SKK Migas as a result of SKK Migas, actual lifting of crude oil and gas being higher than its entitlement for the respective year.

Based on management's review of the collectibility of each balance of subsidiaries receivables, management believes that the provision for impairment is adequate to cover potential losses as a result of uncollected subsidiaries' receivables from Government.

(Expressed in thousands of United States Dollars, unless otherwise stated)

10. INVENTORIES

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Gas	19,713	13,984	23,528	6,711
Crude oil:				
Domestic production	1,156,513	1,026,225	1,029,639	799,513
Imported	516,536	579,765	754,663	467,391
Sub-total for crude oil	1,673,049	1,605,990	1,784,302	1,266,904
Oil products:				
Automotive Diesel Oil (“ADO”)	1,104,680	1,018,791	755,620	593,658
Premium gasoline	573,184	536,309	594,740	461,811
Pertamax, Pertamax Plus, Pertalite gasoline and Pertadex (diesel oil)	503,894	491,005	451,999	311,575
Oil products in process of production	374,611	399,963	347,408	327,709
Intermediary	341,751	337,246	272,786	254,826
Avtur and Avigas	306,297	264,545	220,903	125,795
LPG	186,599	262,104	277,690	207,856
Industrial/Marine Fuel Oil (“IFO/MFO”)	160,332	148,621	118,515	97,658
Petrochemicals	157,463	170,815	127,457	116,969
Kerosene	91,176	94,299	75,503	73,808
Industrial Diesel Oil (“IDO”)	15,900	17,563	21,722	27,315
Others	406,711	476,999	514,176	391,537
Sub-total for oil products	4,222,598	4,218,260	3,778,519	2,990,517
Sub-total for gas, crude oil and oil Products	5,915,360	5,838,234	5,586,349	4,264,132
Less:				
Provision for decline in value of oil products (Note 32)	(106,421)	(167,270)	(92,854)	(76,542)
	5,808,939	5,670,964	5,493,495	4,187,590
Materials	827,357	754,228	645,825	637,655
Less:				
Provision for decline in value of materials	(106,049)	(102,027)	(103,183)	(30,223)
	721,308	652,201	542,642	607,432
Total	**6,530,247**	**6,323,165**	**6,036,137**	**4,795,022**

Movements in the provision for decline in value of oil products are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Beginning balance	(167,270)	(92,854)	(76,542)	(225,457)
Reversal/(addition) during the period/year - net (Note 32)	60,849	(74,416)	(16,312)	148,915
Ending balance	**(106,421)**	**(167,270)**	**(92,854)**	**(76,542)**

Movements in the provision for decline in value of materials are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Beginning balance	(102,027)	(103,183)	(30,223)	(29,459)
(Addition)/reversal during the period/year - net	(4,022)	1,156	(72,960)	(764)
Ending balance	(106,049)	(102,027)	(103,183)	(30,223)

(Expressed in thousands of United States Dollars, unless otherwise stated)

10. INVENTORIES (continued)

Management believes that the provision for decline in value of oil products and materials are adequate to cover possible losses that may arise from a decline in the realizable value of inventories.

As of March 31, 2019, inventories were insured against fire and other risks (Note 13). Management believes that the insurance coverage amount is adequate to cover any possible losses that may arise in relation to the insured inventories.

11. OTHER INVESTMENTS

These investments represent net assets held for distribution to the Company in connection to the liquidation of Pertamina Energy Trading Limited ("Petral"), Zambesi Investment Limited ("Zambesi") and Pertamina Energy Services Pte.Ltd. ("PES") in accordance with the General Meeting of Shareholder ("GMS") decision of the Company on July 13, 2015.

On March 13, 2017, Petral has distributed its funds to the Company.

On June 16, 2017, Zambesi was liquidated.

On October 31, 2017, Petral was liquidated.

As of March 31, 2019, and December 31, 2018, 2017, and 2016, the balance of net assets held for distribution to the Company based on the liquidator's report for PES amounted to US$85,089, US$80,171, US$27,328, and US$43,190, respectively.

Based on the Company's GMS dated January 3, 2019, the Company's shareholder agreed to extend the liquidation period of PES until the completion of the dissolution/liquidation process, and approve the Company to take the corporate actions needed to complete the dissolution/liquidation.

12. LONG-TERM INVESTMENTS

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Investment in oil and gas blocks - net	925,804	1,024,237	1,227,187	1,427,011
Investments in associates - net	726,277	725,846	583,694	697,850
Investment in bonds - net	391,307	391,307	391,307	391,307
Investments in joint ventures	361,082	369,922	457,405	480,756
Investment properties	288,173	280,668	284,354	304,373
Investments in shares of stock - net	6,292	6,292	6,292	6,292
Other financial assets	29,685	20,782	20,679	21,850
Total	**2,728,620**	**2,819,054**	**2,970,918**	**3,329,439**

a. Investment in oil and gas block

Investment in oil and gas blocks represents the Group's investment in several oil and gas blocks located in Malaysia which is being operated by Murphy Sabah Oil Co. Ltd. and Murphy Sarawak Oil Co. Ltd. The Group recorded the investment using the equity method because it has significant influence in the undivided interest of those oil and gas blocks.

The movement of investments in oil and gas block are as follows:

March 31, 2019 (unaudited)

	Beginning balance	Addition	Adjustment	Transfer	Recovery/ (impairment) in value	Ending balance
Cost	1,556,487	-	3,457	-	(76,354)	1,483,590
Accumulated amortization	(532,250)	(25,536)	-	-	-	(557,786)
Net book value	**1,024,237**	**(25,536)**	**3,457**	**-**	**(76,354)**	**925,804**

(Expressed in thousands of United States Dollars, unless otherwise stated)

12. LONG-TERM INVESTMENTS (continued)

a. Investment in oil and gas block (continued)

The movement of investments in oil and gas block are as follows (continued):

	December 31, 2018					
	Beginning balance	Addition	Adjustment	Transfer	Recovery (impairment) in value	Ending balance
Cost	1,614,965	-	96,295	-	(154,773)	1,556,487
Accumulated amortization	(387,778)	(144,472)	-	-	-	(532,250)
Net book value	**1,227,187**	**(144,472)**	**96,295**	**-**	**(154,773)**	**1,024,237**

	December 31, 2017					
	Beginning balance	Addition	Adjustment	Transfer	Recovery (impairment) in value	Ending balance
Cost	1,698,348	-	(113)	-	(83,270)	1,614,965
Accumulated amortization	(271,337)	(116,441)	-	-	-	(387,778)
Net book value	**1,427,011**	**(116,441)**	**(113)**	**-**	**(83,270)**	**1,227,187**

	December 31, 2016					
	Beginning balance	Addition	Adjustment	Transfer	Recovery (impairment) in value	Ending balance
Cost	1,632,706	12,269	(60,917)	-	114,290	1,698,348
Accumulated amortization	(156,861)	(114,476)	-	-	-	(271,337)
Net book value	**1,475,845**	**(102,207)**	**(60,917)**	**-**	**114,290**	**1,427,011**

b. Investments in associates

The movement of investments in associates are as follows:

	March 31, 2019 (unaudited)							
	Percentage of ownership	Beginning balance	Additions (deduction)	Other changes	Share in net income/ (loss)	Dividends	Recovery (impairment) in value	Ending balance
The Company								
- Pacific Petroleum & Trading Co. Ltd.	50.00%	48,038	-	-	598	-	-	48,636
- PT Trans-Pacific Petrochemical Indotama (“TPPI”)	48.59%	82,005	-	1,980	(14,027)	-	-	69,958
		130,043	-	1,980	(13,429)	-	-	118,594
Indirect investments in shares of associates								
- PT Donggi Senoro LNG	29.00%	279,219	-	-	4,693	-	-	283,912
- PT Asuransi Samsung Tugu	19.50%	9,069	-	-	142	-	(15)	9,196
- Seplat Petroleum Development Company Plc, Nigeria	21.37%	224,548	-	-	7,227	-	-	231,775
Others	19.70%-50%	82,967	-	-	(167)	-	-	82,800
		595,803	-	-	11,895	-	(15)	607,683
Total investments in associates		**725,846**	**-**	**1,980**	**(1,534)**	**-**	**(15)**	**726,277**

(Expressed in thousands of United States Dollars, unless otherwise stated)

12. LONG-TERM INVESTMENTS (continued)

b. Investments in associates (continued)

The movement of investments in associates are as follows (continued):

	December 31, 2018							
	Percentage of ownership	Beginning balance	Additions (deduction)	Other changes	Share in net income/ (loss)	Dividends	Recovery (impairment) in value	Ending balance
The Company								
- Pacific Petroleum & Trading Co. Ltd.	50.00%	35,489	-	-	12,549	-	-	48,038
- PT Trans-Pacific Petrochemical Indotama ("TPPI")	48.59%	151,937	-	-	(69,932)	-	-	82,005
		187,426	-	-	(57,383)	-	-	130,043
Indirect investments in shares of associates								
- PT Donggi Senoro LNG	29.00%	240,437	-	2	38,780	-	-	279,219
- PT Asuransi Samsung Tugu	19.50%	8,741	-	19	434	(125)	-	9,069
- Seplat Petroleum Development Company Plc, Nigeria	20.46%	92,440	-	68,043	76,124	(12,059)	-	224,548
- PT Gas Energi Jambi [c)]	40.00%	-	-	-	-	-	-	-
- Others	19.67%-50.00%	54,650	27,458	2,298	(1,439)	-	-	82,967
		396,268	27,458	70,362	113,899	(12,184)	-	595,803
Total investments in associates		**583,694**	**27,458**	**70,362**	**56,516**	**(12,184)**	**-**	**725,846**

	December 31, 2017							
	Percentage of ownership	Beginning balance	Additions (deduction)	Other changes	Share in net income/ (loss)	Dividends	Recovery (impairment) in value	Ending balance
The Company								
- Pacific Petroleum & Trading Co. Ltd.	50.00%	32,499	-	1,516	2,616	(1,142)	-	35,489
- PT Trans-Pacific Petrochemical Indotama ("TPPI")	48.59%	204,907	-	-	(52,970)	-	-	151,937
		237,406	-	1,516	(50,354)	(1,142)	-	187,426
Indirect investments in shares of associates								
- PT Donggi Senoro LNG	29.00%	195,083	-	-	45,354	-	-	240,437
- PT Tugu Reasuransi Indonesia [a)]	33.01%	29,849	-	(29,849)	-	-	-	-
- PT Asuransi Samsung Tugu	19.50%	8,290	-	(19)	648	(178)	-	8,741
- Etablissements Maurel et Prom SA [b)] (Notes 4c)	- 72.65%	227,222	-	(227,222)	-	-	-	-
- Seplat Petroleum Development Company Plc, Nigeria	21.37%	-	92,440	-	-	-	-	92,440
- PT Gas Energi Jambi [c)]	40.00%	-	-	-	-	-	-	-
- Others	19.67%-50.00%	-	54,650	-	-	-	-	54,650
		460,444	147,090	(257,090)	46,002	(178)	-	396,268
Total investments in associates		**697,850**	**147,090**	**(255,574)**	**(4,352)**	**(1,320)**	**-**	**583,694**

(Expressed in thousands of United States Dollars, unless otherwise stated)

12. LONG-TERM INVESTMENTS (continued)

b. Investments in associates (continued)

The movement of investments in associates are as follows (continued):

	December 31, 2016							
	Percentage of ownership	Beginning balance	Additions (deduction)	Other changes	Share in net income/ (loss)	Dividends	Recovery (impairment) in value	Ending balance
The Company								
- Pacific Petroleum & Trading Co. Ltd.	50.00%	29,179	-	2,720	1,966	(1,366)	-	32,499
- Korea Indonesia Petroleum Co. Ltd. Labuan [d)]	45.00%	1,178	(434)	(642)	(102)	-	-	-
- PT Trans-Pacific Petrochemical Indotama ("TPPI")	48.59%	259,416	-	-	(54,509)	-	-	204,907
		289,773	(434)	2,078	(52,645)	(1,366)	-	237,406
Indirect investments in shares of associates								
- PT Donggi Senoro LNG	29.00%	176,831	-	-	18,252	-	-	195,083
- PT Tugu Reasuransi Indonesia	24.47%	24,411	-	2,167	5,444	(2,173)	-	29,849
- PT Asuransi Samsung Tugu	19.50%	7,697	-	(85)	893	(215)	-	8,290
- Etablissements Maurel et Prom SA [b)] (Notes 4c)	24.53%	-	227,222	-	-	-	-	227,222
- PT Gas Energi Jambi [c)]	40.00%	-	-	-	-	-	-	-
		208,939	227,222	2,082	24,589	(2,388)	-	460,444
Total investments in associates		**498,712**	**226,788**	**4,160**	**(28,056)**	**(3,754)**	**-**	**697,850**

[a)] In 2017, the Group has control over PT Tugu Reasuransi Indonesia ("TRI") and consolidates its financial statements.
[b)] On February 15, 2017, PT Pertamina Internasional Eksplorasi & Produksi had a 72.65% ownership interest in Etablissements Maurel et Prom SA and consolidates its financial instrument.
[c)] PGN has ownership interest in PT Gas Energi Jambi ("GEJ") by 40,00% from 2015, GEJ suffered loss.
[d)] In 2016, the Company sold its shares in Korea Indonesia Petroleum Co. Ltd., Labuan.

Management believes that the provision for decline in value of investments in associates is adequate to cover possible losses that may arise from declining in value.

(Expressed in thousands of United States Dollars, unless otherwise stated)

12. LONG-TERM INVESTMENTS (continued)

b. Investments in associates (continued)

The Group's share of the results of its principal associates and their aggregated assets (including goodwill) and liabilities, are as follows:

	Country of Incorporation	Assets	Liabilities	Revenues	Profit (loss)	Percentage of ownership
March 31, 2019 (unaudited)						
- Pacific Petroleum & Trading Co. Ltd.	Japan	101,182	(19,951)	108,454	1,080	50.00%
- PT Trans-Pacific Petrochemical Indotama ("TPPI")	Indonesia	852,429	(708,450)	18,242	(28,870)	48.59%
- PT Donggi Senoro LNG	Indonesia	2,685,285	(1,692,324)	336,205	16,182	29.00%
- PT Asuransi Samsung Tugu	Indonesia	60,962	(30,309)	1,367	472	19.50%
- Seplat Petroleum Development Company Plc, Nigeria	Nigeria	2,578,113	(948,507)	143,651	32,676	20.46%
- PT Gas Energi Jambi	Indonesia	41	(653)	-	-	40.00%
December 31, 2018						
- Pacific Petroleum & Trading Co. Ltd.	Japan	118,983	(30,486)	731,189	25,098	50.00%
- PT Trans-Pacific Petrochemical Indotama ("TPPI")	Indonesia	866,155	(697,385)	65,136	(141,991)	48.59%
- PT Donggi Senoro LNG	Indonesia	2,646,556	(1,669,778)	1,174,024	133,726	29.00%
- PT Asuransi Samsung Tugu	Indonesia	61,997	(31,766)	9,046	1,446	19.50%
- Seplat Petroleum Development Company Plc, Nigeria	Nigeria	2,526,565	(925,680)	746,140	146,576	20.46%
- PT Gas Energi Jambi	Indonesia	41	(653)	-	-	40.00%
December 31, 2017						
- Pacific Petroleum & Trading Co. Ltd.	Japan	153,471	(82,496)	692,966	5,232	50.00%
- PT Trans-Pacific Petrochemical Indotama ("TPPI")	Indonesia	601,445	(1,045,454)	59,574	(50,519)	48.59%
- PT Donggi Senoro LNG	Indonesia	2,466,693	(1,627,338)	998,208	155,704	29.00%
- PT Asuransi Samsung Tugu	Indonesia	55,775	(36,791)	11,161	2,163	19.50%
- Seplat Petroleum Development Company Plc, Nigeria	Nigeria	2,207,964	(975,232)	371,413	(3,307)	21.37%
- PT Gas Energi Jambi	Indonesia	41	(653)	-	-	40.00%
December 31, 2016						
- Pacific Petroleum & Trading Co. Ltd.	Japan	135,085	(70,089)	524,180	3,932	50.00%
- PT Trans-Pacific Petrochemical Indotama ("TPPI")	Indonesia	604,629	(996,212)	42,935	(53,421)	48.59%
- Korea Indonesia Petroleum Co. Ltd., Labuan	Malaysia	2,447	(62)	-	(228)	45.00%
- PT Donggi Senoro LNG	Indonesia	2,454,345	(1,774,286)	755,295	73,038	29.00%
- PT Tugu Reasuransi Indonesia	Indonesia	202,633	(124,060)	107,491	14,456	24.47%
- PT Asuransi Samsung Tugu	Indonesia	62,071	(34,436)	10,798	2,977	19.50%
- Etablissements Maurel et Prom SA [a)] (Notes 4c)	France	2,443,992	(1,348,198)	149,588	(38,565)	24.53%
- PT Gas Energi Jambi	Indonesia	41	(653)	-	-	40.00%

c. Investment in bonds

As of March 31, 2019 and December 31, 2018, 2017, and 2016, investment in bonds represents investment in bonds issued by PT Trans-Pacific Petrochemical Indotama.

(Expressed in thousands of United States Dollars, unless otherwise stated)

12. LONG-TERM INVESTMENTS (continued)

d. Investment in joint ventures

The movements of investments in joint ventures are as follows:

	March 31, 2019 (unaudited)							
	Percentage of ownership	Beginning balance	Additional investment	Other changes	Share in net income (loss)	Dividends	Recovery (impairment) in value	Ending balance
Indirect investments in joint ventures								
- PT Perta Samtan Gas	66.00%	89,976	(23,100)	-	5,062	-	-	71,938
- PT Patra SK	35.00%	62,406	-	(30)	1,365	-	-	63,741
- PT Indo Thai Trading	51.00%	7,070	-	(22)	478	-	-	7,526
- PT Perta Daya Gas	65.00%	3,734	-	-	845	-	-	4,579
- PT Pertamina Rosneft Pengolahan dan Petrokimia	55.00%	407	-	-	-	-	-	407
- PT Elnusa CGGVeritas Seismic	20.96%	-	-	-	-	-	-	-
- PT Transportasi Gas Indonesia	59.87%	202,743	-	(998)	7,265	-	-	209,010
- PT Permata Karya Jasa	60.00%	3.586	-	-	295	-	-	3,881
Total investments in joint venture		**369,922**	**(23,100)**	**(1,050)**	**15,310**	**-**	**-**	**361,082**

	December 31, 2018							
	Percentage of ownership	Beginning balance	Additional investment	Other changes	Share in net income (loss)	Dividends	Recovery (impairment) in value	Ending balance
Indirect investments in joint ventures								
- PT Perta Samtan Gas	66.00%	91,173	-	32	21,871	(23,100)	-	89,976
- PT Patra SK	35.00%	65,769	-	-	5,387	(8,750)	-	62,406
- PT Indo Thai Trading	51.00%	6,281	790	(791)	790	-	-	7,070
- PT Perta Daya Gas	65.00%	1,683	-	28	2,023	-	-	3,734
- PT Pertamina Rosneft Pengolahan dan Petrokimia	55.00%	407	-	-	-	-	-	407
- PT Elnusa CGGVeritas Seismic	20.96%	-	-	-	-	-	-	-
- PT Transportasi Gas Indonesia	59.87%	281,700	-	(1,013)	27,814	(105,758)	-	202,743
- Unimar L.L.C *)	50.00%	10,392	(7,176)	(1,657)	6,941	(8,500)	-	-
- PT Permata Karya Jasa	60.00%	-	2,416	-	1,382	(212)	-	3,586
Total investments in joint ventures		**457,405**	**(3,970)**	**(3,401)**	**66,208**	**(146,320)**	**-**	**369,922**

*) Unimar L.L.C 11,25% participating interest in old Sanga-sanga PSC which expired on August 8, 2018.

	December 31, 2017							
	Percentage of ownership	Beginning balance	Additional investment	Other changes	Share in net income (loss)	Dividends	Recovery (impairment) in value	Ending balance
Indirect investments in joint ventures								
- PT Perta Samtan Gas	66.00%	79,383	-	7,355	17,635	(13,200)	-	91,173
- PT Patra SK	35.00%	68,919	-	(26)	3,876	(7,000)	-	65,769
- PT Indo Thai Trading	51.00%	4,815	-	(2)	1,468	-	-	6,281
- PT Perta Daya Gas	65.00%	1,403	-	(111)	391	-	-	1,683
- PT Pertamina Rosneft Pengolahan dan Petrokimia	55.00%	-	407	-	-	-	-	407
- PT Elnusa CGGVeritas Seismic	20.96%	-	-	-	-	-	-	-
- PT Transportasi Gas Indonesia	59.87%	281,167	-	-	26,072	(25,539)	-	281,700
- Unimar L.L.C	50.00%	45,069	-	-	(7,177)	(27,500)	-	10,392
Total investments in joint ventures		**480,756**	**407**	**7,216**	**42,265**	**(73,239)**	**-**	**457,405**

(Expressed in thousands of United States Dollars, unless otherwise stated)

12. LONG-TERM INVESTMENTS (continued)

d. Investment in joint ventures (continued)

The movements of investments in joint ventures are as follows (continued):

	December 31, 2016							
	Percentage of ownership	Beginning balance	Additional investment	Other changes	Share in net income (loss)	Dividends	Recovery (impairment) in value	Ending balance
Indirect investments in joint ventures								
- PT Patra SK	35.00%	64,538	-	(13)	4,394	-	-	68,919
- PT Indo Thai Trading	51.00%	3,711	-	-	1,104	-	-	4,815
- PT Perta Samtan Gas	66.00%	77,368	-	-	5,513	(3,498)	-	79,383
- PT Perta Daya Gas	65.00%	1,301	-	-	102	-	-	1,403
- PT Elnusa CGGVeritas Seismic	20.96%	-	-	-		-	-	-
- PT Transportasi Gas Indonesia	59.87%	278,516	-		26,357	(23,706)	-	281,167
- Unimar L.L.C	50.00%	-	53,724	11,074	(1,729)	(18,000)	-	45,069
Total investments in joint ventures		**425,434**	**53,724**	**11,061**	**35,741**	**(45,204)**	**-**	**480,756**

The Group's share of the results of its principal joint ventures and their aggregated assets (including goodwill) and liabilities are as follows:

	Country of Incorporation	Assets	Liabilities	Revenues	Profit (loss)	Percentage ownership
March 31, 2019 (unaudited)						
- PT Patra SK	Indonesia	248,043	(65,927)	74,981	3,899	35.00%
- PT Perta Samtan Gas	Indonesia	164,605	(47,771)	54,990	7,671	66.00%
- PT Perta Daya Gas	Indonesia	47,101	(39,367)	6,165	1,300	65.00%
- PT Indo Thai Trading	Indonesia	28,738	(13,981)	33,580	895	51.00%
- PT Elnusa CGGVeritas Seismic	Indonesia	513	-	-	20	20.96%
- PT Transportasi Gas Indonesia	Indonesia	442,302	(91,198)	37,904	12,136	59.87%
- PT Permata Karya Jasa*	Indonesia	5,423	(1,155)	2,448	436	60.00%
December 31, 2018						
- PT Patra SK	Indonesia	232,842	(54,539)	341,114	15,391	35.00%
- PT Perta Samtan Gas	Indonesia	166,010	(29,683)	121,802	33,187	66.00%
- PT Perta Daya Gas	Indonesia	48,618	(42,873)	12,497	3,113	65.00%
- PT Indo Thai Trading	Indonesia	35,332	(21,470)	184,779	1,549	51.00%
- PT Elnusa CGGVeritas Seismic	Indonesia	511	-	-	3	20.96%
- PT Transportasi Gas Indonesia	Indonesia	735,029	(96,391)	153,413	46,458	59.87%
- Unimar L.L.C	USA	33,740	(19,387)	43,918	13,881	28.48%
- PT Permata Karya Jasa*	Indonesia	6,308	(2,040)	16,301	1,383	60.00%
December 31, 2017						
- PT Patra SK	Indonesia	244,717	(59,696)	259,596	11,072	35.00%
- PT Perta Samtan Gas	Indonesia	180,172	(42,032)	106,950	26,720	66.00%
- PT Perta Daya Gas	Indonesia	53,219	(50,630)	12,469	602	65.00%
- PT Indo Thai Trading	Indonesia	31,994	(19,369)	156,716	2,869	51.00%
- PT Elnusa CGGVeritas Seismic	Indonesia	515	-	-	-	20.96%
- PT Transportasi Gas Indonesia	Indonesia	557,875	(87,357)	151,625	43,548	59.87%
- Unimar L.L.C	USA	49,370	(31,899)	61,993	(9,991)	50.00%
- PT Pertamina Rosneft Pengolahan dan Petrokimia	Indonesia	739	-	-	-	55.00%
December 31, 2016						
- PT Patra SK	Indonesia	239,169	(42,256)	213,705	12,553	35.00%
- PT Indo Thai Trading	Indonesia	18,885	(9,445)	116,865	2,164	51.00%
- PT Perta Samtan Gas	Indonesia	179,326	(47,852)	73,617	8,353	66.00%
- PT Perta Daya Gas	Indonesia	59,460	(57,473)	12,842	157	65.00%
- PT Elnusa CGGVeritas Seismic	Indonesia	522	-	-	-	20.96%
- PT Transportasi Gas Indonesia	Indonesia	618,630	(149,001)	158,719	44,024	59.87%
- Unimar L.L.C	USA	109,733	(27,270)	14,435	(3,458)	50.00%

* Note 1b.iii

(Expressed in thousands of United States Dollars, unless otherwise stated)

12. LONG-TERM INVESTMENTS (continued)

e. Investment properties

	March 31, 2019 (unaudited)				
	Beginning balance	**Additions**	**Deductions**	**Transfers/ Reclassi-fications**	**Ending balance**
Historical cost:					
Land and land rights	266,911	-	-	8,360	275,271
Buildings	42,102	-	-	(186)	41,916
Total historical cost	309,013	-	-	8,174	317,187
Accumulated depreciation:					
Buildings	(28,345)	(465)	-	(204)	(29,014)
Net book value	**280,668**				**288,173**

	December 31, 2018				
	Beginning balance	**Additions**	**Deductions**	**Transfers/ Reclassi-fications**	**Ending balance**
Historical cost:					
Land and land rights	269,226	1,074	(17,368)	13,979	266,911
Buildings	43,287	1,217	-	(2,402)	42,102
Total historical cost	312,513	2,291	(17,368)	11,577	309,013
Accumulated depreciation:					
Buildings	(28,159)	(2,058)	-	1,872	(28,345)
Net book value	**284,354**				**280,668**

	December 31, 2017				
	Beginning balance	**Additions**	**Deductions**	**Transfers/ Reclassi-fications**	**Ending balance**
Historical cost:					
Land and land rights	288,314	-	-	(19,088)	269,226
Buildings	43,042	-	-	245	43,287
Total historical cost	331,356	-	-	(18,843)	312,513
Accumulated depreciation:					
Buildings	(26,983)	(2,301)	-	1,125	(28,159)
Net book value	**304,373**				**284,354**

	December 31, 2016				
	Beginning balance	**Additions**	**Deductions**	**Transfers/ Reclassi-fications**	**Ending balance**
Historical cost:					
Land and land rights	265,358	1,018	-	21,938	288,314
Buildings	29,095	-	-	13,947	43,042
Total historical cost	294,453	1,018	-	35,885	331,356
Accumulated depreciation:					
Buildings	(19,301)	(973)	-	(6,709)	(26,983)
Net book value	**275,152**				**304,373**

Depreciation expenses for the three-month periods ended March 31, 2019, and for the years ended December 31, 2018, 2017, and 2016 with respect to such investment properties amounted to US$465, US$2,058, US$2,301 and US$973, respectively (Note 37).

(Expressed in thousands of United States Dollars, unless otherwise stated)

12. LONG-TERM INVESTMENTS (continued)

e. Investment properties (continued)

As of March 31, 2019, all of the Group's investment properties, except land and land rights, were insured against fire and other possible risks (Note 13).

As of March 31, 2019, and December 31, 2018, 2017, and 2016, management has estimated fair values of the investment properties to be US$1,384,415, US$1,803,218, US$1,503,088, and US$2,068,793, respectively.

Rental income from investment properties recognized for the three-month periods ended March 31, 2019, and for the years ended December 31, 2018, 2017, and 2016 amounted to US$19,991, US$26,588, US$11,792, and US$29,836 respectively.

Based on the Group management's review, there were no events or changes in circumstances which indicated impairment in the value of investment properties as of March 31, 2019, and December 31, 2018, 2017, and 2016.

f. Investments in shares of stock

	Percentage of ownership				Balance			
	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
The Company								
- PT Seamless Pipe Indonesia Jaya	4.97%	4.97%	10.40%	10.40%	25,026	25,026	25,026	25,026
- PT Arun NGL [a]	100.00%	100.00%	100.00%	85.00%	170	170	170	170
- PT Badak NGL [b]	55.00%	55.00%	55.00%	55.00%	149	149	149	149
					25,345	25,345	25,345	25,345
Subsidiaries								
- PT Staco Jasapratama Indonesia	4.46%	4.46%	4.46%	4.46%	751	751	751	751
- PT Marga Raya Jawa Tol	6.86%	6.86%	6.86%	6.86%	2,690	2,690	2,690	2,690
- PT Trans Javagas Pipeline	10.00%	10.00%	10.00%	10.00%	739	739	739	739
- PT Asuransi Maipark Indonesia	7.31%	7.31%	7.31%	7.31%	604	604	604	604
- PT Bhakti Patra Nusantara	4.11%	4.11%	4.11%	4.11%	77	77	77	77
- PT Banten Gas Sinergy	0.14%	0.14%	0.14%	0.14%	3	3	3	3
					4,864	4,864	4,864	4,864
Total					**30,209**	**30,209**	**30,209**	**30,209**
Provision for impairment					(23,917)	(23,917)	(23,917)	(23,917)
Net					**6,292**	**6,292**	**6,292**	**6,292**

[a] in liquidation process
[b] refer to note 2d

The Group classified its investments in shares of stock as available-for-sale at cost because the Company, in subtance, does not control those companies. These investments are measured at cost since their fair values cannot be measured reliably.

The Group did not recognize its share on the changes in the joint ventures entities' net assets arising from other comprehensive income since the amounts are not material.

g. Other financial assets

As of March 31, 2019, and December 31, 2018, 2017, and 2016, other financial assets mainly represent investment in bonds owned by PT Asuransi Tugu Pratama Indonesia (formerly PT Tugu Pratama Indonesia).

(Expressed in thousands of United States Dollars, unless otherwise stated)

13. FIXED ASSETS

	March 31, 2019 (unaudited)					
	Beginning balance	Additions	Deductions	Transfers/ Reclassifications	Translations	Ending balance
Acquisition cost						
Direct acquisition:						
Land and land rights	1,705,095	656	-	2	1,915	1,707,668
Tanks, pipeline installations and other equipment	9,322,018	1,267	-	(66,451)	574	9,257,408
Refineries	4,265,934	-	-	12	17	4,265,963
Buildings	1,281,451	318	-	(25,533)	2,196	1,258,432
Ships and aircrafts	2,096,335	306	-	14,066	3,853	2,114,560
Moveable assets	1,633,638	2,131	-	50,613	6,209	1,692,591
Assets under construction	2,129,917	169,637	(1,470)	(9,989)	1,848	2,289,943
Sub-total	22,434,388	174,315	(1,470)	(37,280)	16,612	22,586,565
Finance lease assets:						
Land rights	-	-	-	-	-	-
Buildings	205,737	-	-	-	-	205,737
Tanks, pipelines installations and other equipment	414,634	-	-	(34,785)	-	379,849
Moveable assets	167,015	-	-	102	403	167,520
Sub-total	787,386	-	-	(34,683)	403	753,106
Total acquisition cost	**23,221,774**	**174,315**	**(1,470)**	**(71,963)**	**17,015**	**23,339,671**
Accumulated depreciation						
Direct acquisition:						
Land rights	(212)	-	-	-	(25)	(237)
Tanks, pipeline installation and other equipment	(4,834,321)	(93,693)	-	(94,934)	(320)	(5,023,268)
Refineries	(2,598,926)	(63,244)	-	-	481	(2,661,689)
Buildings	(526,815)	(15,296)	-	(14,860)	(775)	(557,746)
Ships and aircrafts	(813,091)	(28,577)	-	-	(840)	(842,508)
Moveable assets	(986,804)	(29,174)	-	21,372	(3,295)	(997,901)
Sub-total	(9,760,169)	(229,984)	-	(88,422)	(4,774)	(10,083,349)
Finance lease assets:						
Land rights	-	-	-	-	-	-
Buildings	(161,389)	(4,937)	-	-	-	(166,326)
Tanks, pipeline installations and other equipment	(249,815)	(8,890)	-	2,324	-	(256,381)
Moveable assets	(136,838)	(1,446)	-	(28)	(226)	(138,538)
Sub-total	(548,042)	(15,273)	-	2,296	(226)	(561,245)
Total accumulated depreciation	**(10,308,211)**	**(245,257)**	**-**	**(86,126)**	**(5,000)**	**(10,644,594)**
Provision for Impairment	(54,289)	-	-	-	(11)	(54,300)
Net book value	**12,859,274**					**12,640,777**

(Expressed in thousands of United States Dollars, unless otherwise stated)

13. FIXED ASSETS (continued)

	December 31, 2018					
	Beginning balance	Additions	Deduction	Transfer/ Reclassification	Translation	Ending balance
Acquisition cost						
Direct acquisition:						
Land and land rights	1,702,277	3,034	-	5,618	(5,834)	1,705,095
Tanks, pipeline installations and other equipment	9,168,847	28,693	(569)	131,485	(6,438)	9,322,018
Refineries	4,022,746	145,518	-	97,740	(70)	4,265,934
Buildings	1,200,885	20,252	(367)	70,994	(10,313)	1,281,451
Ships and aircrafts	2,015,720	120,523	-	(26,626)	(13,282)	2,096,335
Moveable assets	1,624,785	36,722	(5,875)	7,713	(29,707)	1,633,638
Assets under construction	1,446,340	1,083,618	-	(397,603)	(2,438)	2,129,917
Sub-total	21,181,600	1,438,360	(6,811)	(110,679)	(68,082)	22,434,388
Finance lease assets:						
Land rights	157,605	-	-	(155,364)	(2,241)	-
Buildings	83,987	-	-	121,750	-	205,737
Tanks, pipeline installations and other equipment	369,534	44,097	-	1,003	-	414,634
Moveable assets	156,432	10,707	-	-	(124)	167,015
Sub-total	767,558	54,804	-	(32,611)	(2,365)	787,386
Total acquisition cost	**21,949,158**	**1,493,164**	**(6,811)**	**(143,290)**	**(70,447)**	**23,221,774**
Accumulated depreciation						
Direct acquisition:						
Land rights	(876)	-	-	-	664	(212)
Tanks, pipeline installations and other equipment	(4,393,822)	(504,253)	42	58,559	5,153	(4,834,321)
Refineries	(2,349,134)	(249,586)	-	(307)	101	(2,598,926)
Buildings	(477,017)	(52,430)	271	(1,435)	3,796	(526,815)
Ships and aircrafts	(775,835)	(105,264)	-	65,138	2,870	(813,091)
Moveable assets	(969,682)	(103,113)	5,697	61,156	19,138	(986,804)
Sub-total	(8,966,366)	(1,014,646)	6,010	183,111	31,722	(9,760,169)
Finance lease assets:						
Land rights	(82,872)	(6,070)	-	88,942	-	-
Buildings	(58,902)	(14,272)	-	(88,215)	-	(161,389)
Tanks, pipeline installations and other equipment	(210,786)	(38,302)	-	(727)	-	(249,815)
Moveable assets	(133,666)	(7,877)	-	4,628	77	(136,838)
Sub-total	(486,226)	(66,521)	-	4,628	77	(548,042)
Total accumulated depreciation	**(9,452,592)**	**(1,081,167)**	**6,010**	**187,739**	**31,799**	**(10,308,211)**
Provision for impairment	(57,055)	-	2,719	-	47	(54,289)
Net book value	**12,439,511**					**12,859,274**

(Expressed in thousands of United States Dollars, unless otherwise stated)

13. FIXED ASSETS (continued)

	December 31, 2017					
	Beginning balance	Additions	Deduction	Transfer/ Reclassification	Translation	Ending balance
Acquisition cost						
Direct acquisition:						
Land and land rights	1,663,116	29,716	-	10,259	(814)	1,702,277
Tanks, pipeline installations and other equipment	8,226,598	156,997	(1,855)	787,473	(366)	9,168,847
Refineries	3,815,932	175,395	(349)	31,774	(6)	4,022,746
Buildings	1,003,055	16,298	(1,984)	193,110	(9,594)	1,200,885
Ships and aircrafts	1,894,266	52,838	-	70,460	(1,844)	2,015,720
Moveable assets	1,563,969	86,287	(7,203)	(29,853)	11,585	1,624,785
Assets under construction	1,792,241	999,558	(12,896)	(1,332,310)	(253)	1,446,340
Sub-total	19,959,177	1,517,089	(24,287)	(269,087)	(1,292)	21,181,600
Finance lease assets:						
Land rights	122,815	-	-	35,216	(426)	157,605
Buildings	83,987	-	-	-	-	83,987
Tanks, pipeline installations and other equipment	305,567	63,967	-	-	-	369,534
Moveable assets	152,167	6,498	-	(1,740)	(493)	156,432
Sub-total	664,536	70,465	-	33,476	(919)	767,558
Total acquisition cost	**20,623,713**	**1,587,554**	**(24,287)**	**(235,611)**	**(2,211)**	**21,949,158**
Accumulated depreciation						
Direct acquisition:						
Land rights	(697)	-	-	(181)	2	(876)
Tanks, pipeline installations and other equipment	(3,883,879)	(544,907)	676	34,121	167	(4,393,822)
Refineries	(2,139,241)	(223,626)	-	13,722	11	(2,349,134)
Buildings	(426,461)	(59,431)	492	8,136	247	(477,017)
Ships and aircrafts	(675,211)	(101,882)	-	849	409	(775,835)
Moveable assets	(883,826)	(106,150)	4,229	21,281	(5,216)	(969,682)
Sub-total	(8,009,315)	(1,035,996)	5,397	77,928	(4,380)	(8,966,366)
Finance lease assets:						
Land rights	(70,578)	(12,294)	-	-	-	(82,872)
Buildings	(50,506)	(8,396)	-	-	-	(58,902)
Tanks, pipeline installations and other equipment	(165,624)	(34,098)	-	(11,064)	-	(210,786)
Moveable assets	(121,208)	(9,216)	-	(4,432)	1,190	(133,666)
Sub-total	(407,916)	(64,004)	-	(15,496)	1,190	(486,226)
Total accumulated depreciation	**(8,417,231)**	**(1,100,000)**	**5,397**	**62,432**	**(3,190)**	**(9,452,592)**
Provision for impairment	(49,697)	(7,364)	-	-	6	(57,055)
Net book value	**12,156,785**					**12,439,511**

(Expressed in thousands of United States Dollars, unless otherwise stated)

13. FIXED ASSETS (continued)

	December 31, 2016					
	Beginning balance	Additions	Deductions	Transfer/ Reclassification	Translation	Ending balance
Acquisition cost						
Direct acquisition:						
Land and land rights	1,113,305	3,237	(939)	544,045	3,468	1,663,116
Tanks, pipeline installations and other equipment	7,015,411	12,777	(11,277)	1,208,973	714	8,226,598
Refineries	4,487,794	-	-	(671,900)	38	3,815,932
Buildings	841,550	18,364	(20,161)	156,743	6,559	1,003,055
Ships and aircrafts	1,800,419	41,322	-	49,316	3,209	1,894,266
Moveable assets	1,381,379	101,011	(15,858)	97,441	(4)	1,563,969
Assets under construction	1,939,028	986,629	(33,639)	(1,099,905)	128	1,792,241
Sub-total	18,578,886	1,163,340	(81,874)	284,713	14,112	19,959,177
Finance lease assets:						
Land rights	122,815	-	-	-	-	122,815
Buildings	83,987	-	-	-	-	83,987
Tanks, pipeline installations and other equipment	272,691	32,876	-	-	-	305,567
Moveable assets	190,330	4,514	(202)	(42,254)	(221)	152,167
Sub-total	669,823	37,390	(202)	(42,254)	(221)	664,536
Total acquisition cost	**19,248,709**	**1,200,730**	**(82,076)**	**242,459**	**13,891**	**20,623,713**
Accumulated depreciation						
Direct acquisition:						
Land rights	(504)	(188)	-	-	(5)	(697)
Tanks, pipeline installations and other equipment	(3,025,001)	(391,058)	548	(467,954)	(414)	(3,883,879)
Refineries	(1,937,916)	(225,810)	-	24,511	(26)	(2,139,241)
Buildings	(388,353)	(43,391)	10,546	(5,536)	273	(426,461)
Ships and aircrafts	(675,123)	(96,221)	-	96,723	(590)	(675,211)
Moveable assets	(770,756)	(170,185)	11,433	51,518	(5,836)	(883,826)
Sub-total	(6,797,653)	(926,853)	22,527	(300,738)	(6,598)	(8,009,315)
Finance lease assets:						
Land rights	(58,182)	(12,396)	-	-	-	(70,578)
Buildings	(42,088)	(8,418)	-	-	-	(50,506)
Tanks, pipeline installations and other equipment	(138,503)	(27,121)	-	-	-	(165,624)
Moveable assets	(107,256)	(25,064)	-	6,915	4,197	(121,208)
Sub-total	(346,029)	(72,999)	-	6,915	4,197	(407,916)
Total accumulated depreciation	**(7,143,682)**	**(999,852)**	**22,527**	**(293,823)**	**(2,401)**	**(8,417,231)**
Provision for impairment	(44,354)	(7,151)	-	1,808	-	(49,697)
Net book value	**12,060,673**					**12,156,785**

(Expressed in thousands of United States Dollars, unless otherwise stated)

13. FIXED ASSETS (continued)

The allocation of depreciation expenses are as follows:

	For the three-month period ended March 31, 2019 (unaudited)	For the years ended December 31,		
		2018	2017	2016
Cost of goods sold (Note 32)	125,827	566,412	551,911	501,823
Expenses from other operating activities (Note 35)	23,523	88,405	84,636	77,454
Selling and marketing expenses (Note 36)	78,998	328,695	362,241	313,688
General and administrative expenses (Note 37)	16,909	97,655	101,212	106,887
Total	**245,257**	**1,081,167**	**1,100,000**	**999,852**

As of March 31, 2019, the Group owned parcels of land at various locations in Indonesia with Building Rights Title (“HGB”) ranging from 20-30 years. Some of the HGBs are near their expiration dates. Management believes that those HGB licenses can be extended upon their expirations.

As of March 31, 2019, and December 31, 2018, 2017, and 2016, the Group’s inventories, investment properties, fixed assets, and oil & gas and geothermal properties, except for land and land rights (Notes 10,12, 13, and 14), were insured against fire and other possible risks for a total insurance coverage of US$53,642,273, and US$53,391,900, US$50,430,767 and US$46,056,456 respectively.

Management believes that the insurance coverage is adequate to cover any possible losses that may arise in relation to the insured assets.

Certain fixed assets were pledged as collateral for certain subsidiary long term loans (Note 20a).

Interest capitalized as part of fixed assets for the three-month periods ended March 31, 2019, and the years ended December 31, 2018, 2017, and 2016 amounted to US$1,704, and US$31,500, US$25,611, and US$16,689 respectively.

Management believes that the provision for impairment in the value of fixed assets as of March 31, 2019, and December 31, 2018, 2017, and 2016 is adequate to cover any possible losses from impairment of fixed assets.

Assets under construction as of March 31, 2019, and December 31, 2018, 2017, and 2016 consists of refineries, buildings, vessels, installations and moveable assets.

14. OIL AND GAS AND GEOTHERMAL PROPERTIES

	March 31, 2019 (unaudited)				
	Beginning balance	Additions	Deductions	Transfers/ Reclassifications	Ending balance
Acquisition cost					
Direct acquisition:					
Land and land rights	18,281	-	-	-	18,281
Oil and gas wells	15,461,845	20,583	-	110,590	15,593,018
Geothermal wells	759,351	-	-	-	759,351
Installations	7,675,508	17,827	(169)	19,231	7,712,397
LPG plants	1,538,366	-	-	-	1,538,366
Buildings	198,613	-	-	1,208	199,821
Moveable assets	418,511	-	-	5,494	424,005
Sub-total	26,070,475	38,410	(169)	136,523	26,245,239
Assets under construction					
Exploratory and evaluation wells	1,380,730	172,816	-	22,368	1,575,914
Development wells	2,423,499	283,310	-	(205,921)	2,500,888
Sub-total	3,804,229	456,126	-	(183,553)	4,076,802
Finance lease assets:					
Installations	4,672	-	-	-	4,672
LPG plants	12,501	-	-	-	12,501
Buildings	19,939	-	-	-	19,939
Moveable assets	195,595	-	-	-	195,595
Sub-total	232,707	-	-	-	232,707
Total acquisition cost	**30,107,411**	**494,536**	**(169)**	**(47,030)**	**30,554,748**

(Expressed in thousands of United States Dollars, unless otherwise stated)

14. OIL AND GAS AND GEOTHERMAL PROPERTIES (continued)

	March 31, 2019 (unaudited)				
	Beginning balance	**Additions**	**Deductions**	**Transfers/ Reclassifications**	**Ending balance**
Accumulated depreciation, depletion and amortization					
Direct acquisition:					
Oil and gas wells	(7,076,161)	(318,914)	-	14,802	(7,380,273)
Geothermal wells	(152,127)	(9,857)	-	-	(161,984)
Installations	(2,717,802)	(126,087)	-	-	(2,843,889)
LPG plants	(293,601)	(20,024)	-	-	(313,625)
Buildings	(48,441)	(3,087)	-	-	(51,528)
Moveable assets	(244,360)	(8,179)	-	-	(252,539)
Sub-total	(10,532,492)	(486,148)	-	14,802	(11,003,838)
Finance lease assets:					
Installations	(18,723)	(522)	-	-	(19,245)
LPG plants	(5,777)	-	-	-	(5,777)
Buildings	(18,522)	(61)	-	-	(18,583)
Moveable assets	(181,398)	(5)	-	-	(181,403)
Sub-total	(224,420)	(588)	-	-	(225,008)
Total accumulated depreciation, depletion and amortization	**(10,756,912)**	**(486,736)**	**-**	**14,802**	**(11,228,846)**
Provision for impairment	(736,213)	(46,504)	-	(1,338)	(784,055)
Net book values	**18,614,286**				**18,541,847**

	December 31, 2018				
	Beginning Balance	**Additions**	**Deductions**	**Transfers/ Reclassifications**	**Ending balance**
Acquisition cost					
Direct acquisition:					
Land and land rights	18,243	-	-	38	18,281
Oil and gas wells	13,915,574	1,116,330	(107,073)	537,014	15,461,845
Geothermal wells	671,595	4,671	-	83,085	759,351
Installations	7,213,878	109,761	(1,195)	353,064	7,675,508
LPG plants	1,538,366	-	-	-	1,538,366
Buildings	173,184	1,152	-	24,277	198,613
Moveable assets	346,955	39,034	-	32,522	418,511
Sub-total	23,877,795	1,270,948	(108,268)	1,030,000	26,070,475
Assets under construction					
Exploratory and evaluation wells	1,326,425	606,380	(120,381)	(431,694)	1,380,730
Development wells	2,096,876	1,163,019	(4,519)	(831,877)	2,423,499
Sub-total	3,423,301	1,769,399	(124,900)	(1,263,571)	3,804,229
Finance lease assets:					
Installations	4,672	-	-	-	4,672
LPG plants	12,501	-	-	-	12,501
Buildings	19,939	-	-	-	19,939
Moveable assets	195,595	-	-	-	195,595
Sub-total	232,707	-	-	-	232,707
Total acquisition cost	**27,533,803**	**3,040,347**	**(233,168)**	**(233,571)**	**30,107,411**

(Expressed in thousands of United States Dollars, unless otherwise stated)

14. OIL AND GAS AND GEOTHERMAL PROPERTIES (continued)

	December 31, 2018				
	Beginning balance	Additions	Deductions	Transfers/ Reclassifications	Ending balance
Accumulated depreciation, depletion and amortization					
Direct acquisition:					
Oil and gas wells	(6,096,976)	(965,091)	38,038	(52,132)	(7,076,161)
Geothermal wells	(113,904)	(38,223)	-	-	(152,127)
Installations	(2,121,664)	(586,590)	-	(9,548)	(2,717,802)
LPG plants	(179,681)	(113,920)	-	-	(293,601)
Buildings	(36,698)	(11,743)	-	-	(48,441)
Moveable assets	(214,002)	(30,358)	-	-	(244,360)
Sub-total	(8,762,925)	(1,745,925)	38,038	(61,680)	(10,532,492)
Finance lease assets:					
Installations	(16,695)	(2,028)	-	-	(18,723)
LPG plants	(5,469)	(308)	-	-	(5,777)
Buildings	(18,198)	(324)	-	-	(18,522)
Moveable assets	(181,118)	(280)	-	-	(181,398)
Sub-total	(221,480)	(2,940)	-	-	(224,420)
Total accumulated depreciation, depletion and amortization	**(8,984,405)**	**(1,748,865)**	**38,038**	**(61,680)**	**(10,756,912)**
Provision for impairment	(518,024)	(218,189)	-	-	(736,213)
Net book values	**18,031,374**				**18,614,286**

	December 31, 2017				
	Beginning balance	Additions	Deductions	Transfers/ Reclassifications	Ending balance
Acquisition cost					
Direct acquisition:					
Land and land rights	17,651	-	-	592	18,243
Oil and gas wells	10,936,067	2,030,494	(172,042)	1,121,055	13,915,574
Geothermal wells	473,810	-	-	197,785	671,595
Installations	6,345,909	138,748	(144)	729,365	7,213,878
LPG plants	1,435,050	-	-	103,316	1,538,366
Buildings	139,738	2,054	-	31,392	173,184
Moveable assets	306,208	9,942	-	30,805	346,955
Sub-total	19,654,433	2,181,238	(172,186)	2,214,310	23,877,795
Assets under construction					
Exploratory and evaluation wells	1,851,229	463,671	(85,882)	(902,593)	1,326,425
Development wells	1,769,156	1,190,713	-	(862,993)	2,096,876
Sub-total	3,620,385	1,654,384	(85,882)	(1,765,586)	3,423,301
Finance lease assets:					
Installations	21,260	-	(16,588)	-	4,672
LPG plants	28,163	-	-	(15,662)	12,501
Buildings	19,962	-	-	(23)	19,939
Moveable assets	195,572	-	-	23	195,595
Sub-total	264,957	-	(16,588)	(15,662)	232,707
Total acquisition cost	**23,539,775**	**3,835,622**	**(274,656)**	**433,062**	**27,533,803**

(Expressed in thousands of United States Dollars, unless otherwise stated)

14. OIL AND GAS AND GEOTHERMAL PROPERTIES (continued)

	December 31, 2017				
	Beginning balance	Additions	Deductions	Transfers/ Reclassifications	Ending balance
Accumulated depreciation, depletion and amortization					
Direct acquisition:					
Oil and gas wells	(4,582,073)	(914,618)	103,496	(703,781)	(6,096,976)
Geothermal wells	(81,462)	(32,442)	-	-	(113,904)
Installations	(1,592,282)	(529,382)	-	-	(2,121,664)
LPG plants	(105,817)	(58,200)	-	(15,664)	(179,681)
Buildings	(26,761)	(9,937)	-	-	(36,698)
Moveable assets	(176,852)	(37,150)	-	-	(214,002)
Sub-total	(6,565,247)	(1,581,729)	103,496	(719,445)	(8,762,925)
Finance lease assets:					
Installations	(31,060)	(2,223)	16,588	-	(16,695)
LPG plants	(20,517)	(617)	-	15,665	(5,469)
Buildings	(17,787)	(411)	-	-	(18,198)
Moveable assets	(180,831)	(287)	-	-	(181,118)
Sub-total	(250,195)	(3,538)	16,588	15,665	(221,480)
Total accumulated Depreciation, depletion and amortization	**(6,815,442)**	**(1,585,267)**	**120,084**	**(703,780)**	**(8,984,405)**
Provision for impairment	(326,671)	(234,614)	43,261	-	(518,024)
Net book values	**16,397,662**				**18,031,374**

	December 31, 2016				
	Beginning balance	Additions	Deductions	Transfers/ Reclassifications	Ending balance
Acquisition cost					
Direct acquisition:					
Land and land rights	13,534	-	-	4,117	17,651
Oil and gas wells	10,436,456	2,700	(129,637)	626,548	10,936,067
Geothermal wells	220,559	-	-	253,251	473,810
Installations	4,873,154	294,576	(1,400)	1,179,579	6,345,909
LPG plants	1,297,778	-	-	137,272	1,435,050
Buildings	79,319	-	-	60,419	139,738
Moveable assets	262,695	8	-	43,505	306,208
Sub-total	17,183,495	297,284	(131,037)	2,304,691	19,654,433
Assets under construction					
Exploratory and evaluation wells	2,275,234	973,555	(22,437)	(1,375,123)	1,851,229
Development wells	2,047,230	541,176	(25,091)	(794,159)	1,769,156
Sub-total	4,322,464	1,514,731	(47,528)	(2,169,282)	3,620,385
Finance lease assets:					
Installations	74,804	-	(15,977)	(37,567)	21,260
LPG plants	44,218	-	(6,591)	(9,464)	28,163
Buildings	19,962	-	-	-	19,962
Moveable assets	195,572	-	-	-	195,572
Sub-total	334,556	-	(22,568)	(47,031)	264,957
Total acquisition cost	**21,840,515**	**1,812,015**	**(201,133)**	**88,378**	**23,539,775**

(Expressed in thousands of United States Dollars, unless otherwise stated)

14. OIL AND GAS AND GEOTHERMAL PROPERTIES (continued)

	December 31, 2016				
	Beginning balance	**Additions**	**Deductions**	**Transfers/ Reclassifications**	**Ending balance**
Accumulated depreciation, depletion and amortization					
Direct acquisition:					
Oil and gas wells	(3,531,941)	(1,053,549)	43,899	(40,482)	(4,582,073)
Geothermal wells	(62,993)	(18,469)	-	-	(81,462)
Installations	(1,131,437)	(366,024)	105	(94,926)	(1,592,282)
LPG plants	(37,789)	(68,028)	-	-	(105,817)
Buildings	(19,611)	(7,150)	-	-	(26,761)
Moveable assets	(141,194)	(35,658)	-	-	(176,852)
Sub-total	(4,924,965)	(1,548,878)	44,004	(135,408)	(6,565,247)
Finance lease assets:					
Installations	(242,247)	(22,645)	15,977	217,855	(31,060)
LPG plants	(35,955)	(616)	6,591	9,463	(20,517)
Buildings	(17,289)	(498)	-	-	(17,787)
Moveable assets	(241)	(302)	-	(180,288)	(180,831)
Sub-total	(295,732)	(24,061)	22,568	47,030	(250,195)
Total accumulated depreciation, depletion and amortization	**(5,220,697)**	**(1,572,939)**	**66,572**	**(88,378)**	**(6,815,442)**
Provision for impairment	(140,055)	(186,616)	-	-	(326,671)
Net book values	**16,479,763**				**16,397,662**

The allocation of depreciation, depletion and amortization expenses are as as follows:

	For the three-month period ended March 31, 2019 (unaudited)	**For the years ended December 31, 2018**	**2017**	**2016**
Upstream production and lifting costs (Note 33)	484,736	1,741,040	1,578,988	1,568,663
General and administrative expenses (Note 37)	2,000	7,825	6,279	4,276
Total	**486,736**	**1,748,865**	**1,585,267**	**1,572,939**

As of March 31, 2019, and December 31, 2018, 2017, and 2016, all of the PGE's, PEP, and PGN geothermal properties, except land and land rights, were insured against fire and other possible risks (Note 13).

Management believes that the insurance coverage is adequate to cover any possible losses that may arise in relation to the insured oil and gas and geothermal properties.

PGE's interest was capitalized as part of geothermal properties amounted to US$6,416, and US$24,885, US$32,338 and US$33,098 as of March 31, 2019, and December 31, 2018, 2017, and 2016, respectively.

The increase in the value of oil and gas wells in 2018 and 2017 respectively, resulted from the payment of the Block Rokan signature bonus (Note 4g) and the consolidation of Maurel et Prom's Etablissements.

Impairment of oil and gas properties
Management performed impairment testing of all Blocks due to external indication from the oil price trends. Management has performed technical and commercial evaluations based on the result of recent production. Management evaluates the commercial and technical aspects based on the current price conditions and production.

(Expressed in thousands of United States Dollars, unless otherwise stated)

14. OIL AND GAS AND GEOTHERMAL PROPERTIES (continued)

Estimated recoverable amounts and book values of the oil and gas properties impaired as of March 31, 2019, and December 31, 2018, 2017, and 2016 are as follows:

	March 31, 2019 (unaudited)				
	Estimated recoverable amount	**Book value**	**Estimated impairment loss (recovery)**	**Impairment loss (recovery) on goodwill**	**Impairment loss (recovery) in oil and gas and geothermal properties**
PHE and its subsidiaries	853,633	852,672	(961)	-	(961)
PIEP and its subsidiaries	657,479	704,944	47,465	-	47,465
Net book value	**1,511,113**	**1,557,616**	**46,504**	**-**	**46,504**

	December 31, 2018				
	Estimated recoverable amount	**Book value**	**Estimated impairment loss (recovery)**	**Impairment loss (recovery) on goodwill**	**Impairment loss (recovery) in oil and gas and geothermal properties**
PHE and its subsidiaries	173,488	366,793	193,305	-	193,305
Pertamina EP Cepu ADK	55,046	53,708	(1,338)	-	(1,338)
PT PGN and its subsidiaries	872,528	898,750	26,222	-	26,222
Net book value	**1,101,062**	**1,319,251**	**218,189**	**-**	**218,189**

	December 31, 2017				
	Estimated recoverable amount	**Book value**	**Estimated impairment loss (recovery)**	**Impairment loss (recovery) on goodwill**	**Impairment loss (recovery) in oil and gas and geothermal properties**
PHE and its subsidiaries	856,112	1,097,805	241,693	6,890	234,803
PIEP and its subsidiaries	740,580	708,003	(32,577)	-	(32,577)
Pertamina EP Cepu	58,888	-	(58,888)	-	(58,888)
Pertamina EP Cepu ADK	8,817	63,864	55,047	-	55,047
PT PGN and its subsidiaries	842,735	835,703	(7,032)	-	(7,032)
Net book value	**2,507,132**	**2,705,375**	**198,243**	**6,890**	**191,353**

	December 31, 2016				
	Estimated recoverable amount	**Book value**	**Estimated impairment loss (recovery)**	**Impairment loss (recovery) on goodwill**	**Impairment loss (recovery) in oil and gas and geothermal properties**
PHE and its subsidiaries	195,539	249,976	54,437	-	54,437
PIEP and its subsidiaries	799,761	972,115	172,354	136,264	36,090
Pertamina EP Cepu	-	58,888	58,888	-	58,888
PT PGN and its subsidiaries	802,565	839,766	37,201	-	37,201
Net book value	**1,797,865**	**2,120,745**	**322,880**	**136,264**	**186,616**

(Expressed in thousands of United States Dollars, unless otherwise stated)

15. OTHER NON-CURRENT ASSETS

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Restricted funds	949,031	915,221	867,332	635,747
Government contributed assets pending final clarification of status (Note 26)	401,120	401,120	1,361	-
Finance Lease Receivables	226,074	200,770	208,908	222,589
Advances to vendors	131,288	133,406	217,704	71,773
Other receivables - third parties	86,568	80,287	243,786	135,481
Goodwill	53,807	53,807	53,807	60,697
Other receivables related parties (Note 41b)	43,898	64,907	80,349	86,232
Long-term employee receivables	36,114	37,530	45,652	39,828
Assets held but not used for operation	23,441	23,454	24,819	10,210
Land rights costs	18,657	18,917	21,653	21,837
Intangible assets	13,841	13,711	17,771	18,039
Deferred charges	13,536	17,256	92,834	57,864
Prepaid expenses	10,758	65,319	31,601	41,422
Non-free and non-clear assets	1,837	1,837	1,837	1,837
Post-employment benefits	10,185	11,589	9,181	24,695
Others	66,340	46,202	58,875	8,613
Total	**2,086,495**	**2,085,333**	**1,977,470**	**1,436,864**

a. Restricted funds

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
US Dollar accounts				
Government-related entities				
- BRI	286,881	286,789	252,149	225,922
- BNI	50,860	50,016	-	-
- Bank Mandiri	14,732	14,030	47,038	39,290
Third parties				
- JP Morgan	31,087	31,087	24,661	-
- Others	1,191	540	-	-
	384,751	382,462	323,848	265,212
Rupiah accounts				
Government-related entities				
- BRI	300,603	290,500	296,096	212,064
- Bank Mandiri	253,092	233,993	238,692	157,564
- BNI	1,557	840	899	907
- BJB	351	-	-	-
- BTN	351	-	-	-
- BRI Agro	75	-	-	-
Third parties				
- Others	8,251	7,426	7,797	-
	564,280	532,759	543,484	370,535
Total	**949,031**	**915,221**	**867,332**	**635,747**

In accordance with SKK Migas instructions, as of March 31, 2019, and December 31, 2018, 2017, and 2016 PT Pertamina EP deposited for decommissioning funds, site restoration, and other related activities in a joint bank account held by SKK Migas and PT Pertamina EP in BRI and Mandiri in the amounts of US$275,660, US$ 275,660, US$252,501 and US$223,984, respectively. PIEP for PT Pertamina Malaysia EP ("PMEP") deposited funds for decommissioning, site restoration and other related activities in a joint bank account as of March 31, 2019 and December 31, 2018 in the amount of US$31,087 and US$31,087, respectively.

The Company has created reserves fund for past service liabilities to employees as of March 31, 2019, and December 31, 2018, 2017, and 2016 amounting to Rp7,647,817 million (equivalent to US$536,915), Rp7,534,125 million (equivalent to US$520,277), Rp7,185,952 million (equivalent to US$530,407), and Rp4,911,848 million (equivalent to US$365,574), respectively.

(Expressed in thousands of United States Dollars, unless otherwise stated)

15. OTHER NON-CURRENT ASSETS (continued)

a. Restricted funds (continued)

As of March 31, 2019, and December 31, 2018, 2017, and 2016, restrained fund for Partnership Program amounting to Rp12,174 million (equivalent to US$855), Rp12,174 million (equivalent to US$840), Rp12,174 million (equivalent to US$899), and Rp12,174 million (equivalent to US$907), respectively.

As of March 31, 2019, restrained fund for Community Development Program amounting to Rp112,342 million (equivalent to US$7,887).

Included in restricted cash are time deposits which are used as bank guarantees for operational working contracts in PT Pertamina Bina Medika, and PIEP.

b. Finance lease receivables

This account represents the non-current portion of the finance lease receivables from lease arrangement between PT Kalimantan Jawa Gas ("KJG"), PGN's subsidiaries, and PT Perusahaan Listrik Negara ("PLN") (Persero) in relation to KJG’s subsea pipelines and onshore receiving facility on land (Gas Transport Agreement ("GTA") Kalija 1 which is classified as a finance lease transaction.

c. Advances to vendors - net

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Advances to vendors	163,992	166,110	250,408	104,477
Provision for impairment	(32,704)	(32,704)	(32,704)	(32,704)
Net	**131,288**	**133,406**	**217,704**	**71,773**

The Company has recognized a provision for impairment to reduce an advance to vendor for oil tanker construction contract with capacity of 30,000 LTDW between the Company and Zhejiang Chenye Shipbuilding Co. Ltd. Management believes that the provision for impairment is adequate to cover possible losses.

d. Goodwill

	Beginning balance	Addition	Deduction	Ending balance
<u>March 31, 2019 (unaudited)</u>				
PHE ONWJ	53,337	-	-	53,337
PHE Nunukan Company	415	-	-	415
PGN and its subsidiaries	55	-	-	55
Total	**53,807**	**-**	**-**	**53,807**
<u>December 31, 2018</u>				
PHE ONWJ	53,337	-	-	53,337
PHE Nunukan Company	415	-	-	415
PGN and its subsidiaries	55	-	-	55
Total	**53,807**	**-**	**-**	**53,807**
<u>December 31, 2017</u>				
PHE ONWJ	53,337	-	-	53,337
PHE Tuban	4,538	-	(4,538)	-
PGN and its subsidiaries	55	-	-	55
Others	2,767	-	(2,352)	415
Total	**60,697**	**-**	**(6,890)**	**53,807**
<u>December 31, 2016</u>				
COPAL	136,264	-	(136,264)	-
PHE ONWJ	53,337	-	-	53,337
PHE Tuban	4,538	-	-	4,538
PGN and its subsidiaries	55	-	-	55
Others	2,767	-	-	2,767
Total	**196,961**	**-**	**(136,264)**	**60,697**

(Expressed in thousands of United States Dollars, unless otherwise stated)

15. OTHER NON-CURRENT ASSETS (continued)

d. Goodwill (continued)

The goodwill is allocated to the Company's Cash Generating Unit ("CGU") identified.

The Group calculated the recoverable amounts based on fair value less cost to sell model which provides a higher value than the value-in-use calculation. The fair value less cost to sell was determined by using a post-tax discounted cash flows ("DCF") calculation.

The cash flows projections are based on production and development forecast approved by management covering the estimated period of contract including contract extension and future investments to increase output. The period of projections ranges from 3-30 years.

ONWJ, PHE Tuban and Other
The Group acquired PT Medco E&P Tuban (subsequently changed its name to PT PHE Tuban) in 2008 and BP West Java Ltd., (subsequently changed its name to ONWJ Ltd.) in 2009, PT PHE Oil and Gas ("PHE OG") and other acquisition in 2013. The Group has recorded an impairment in the value of goodwill in 2018 amounted to nill and 2017 amounting to US$4,538 and US$2,352 (Note 39), from the PHE Blok Tuban and Ambalat Block, respectively to the carrying value of PHE OG.

PGN and its subsidiaries
In 2013, PT PGAS Telekomunikasi Nusantara ("PGASKOM"), a subsidiary of PGN, acquired 100% equity interest of PT Telemedia Dinamika Sarana ("TDS") with consideration paid amounting to Rp675 million (or equivalent to US$55). PGASKOM recognized goodwill from this acquisition amounting to US$55.

COPAL
Effective on November 27, 2013, the Company acquired 100% shares of COPAL from Burlington Resources International Holdings LLC with consideration paid of US$1,669,892. COPAL is a corporation domiciled in the Caymand Island and hold 65% participating interest in Block 405a Algeria. The Company recognized goodwill from this acquisition in the amount of US$556,703. As of January 1, 2016/December 31, 2015, the Group has recorded impairment loss on COPAL goodwill with total cumulative amount of US$420,439.

The Group has recorded impairment losses on goodwill for the year ended December 31, 2017 and 2016 amounting to US$6,890 from PHE (Block Tuban and Block Ambalat) and US$136,264 from COPAL, respectively.

The key assumption relates to oil and gas price, was projected based on expectation of market development given the volatility in oil prices. The discount rate used reflects risk relating to the relevant oil and gas industry and considering risks of individual country of operations.

Key assumptions used for the basis of the impairment test on March 31, 2019 are as follows:

	Assumptions 2019				
	2019 (unaudited)	2020	2021	2022	2023
Projected ICP	US$64.10	US$66.70	US$65.00	US$64.50	US$61.60
Projected Brent	US$67.50	US$70.00	US$68.40	US$67.80	US$65.00

Then increases (decreases) by (US$2.90) - US$2.60 per annum for ICP and (US$2.80) - US$2.50 per annum for Brent

Gas price	Based on the gas sales agreement
Discount rate	6.79%-10.97%

Management believes the goodwill impairment is sufficient based on the result of the impairment testing.

e. Non-free and non-clear assets - net

	March 31, 2019 (unaudited)	December 31,		
		2018	2017	2016
Non-free and non-clear assets	112,237	112,237	112,237	112,237
Provision for impairment	(110,400)	(110,400)	(110,400)	(110,400)
Net	**1,837**	**1,837**	**1,837**	**1,837**

(Expressed in thousands of United States Dollars, unless otherwise stated)

15. OTHER NON-CURRENT ASSETS (continued)

e. Non-free and non-clear assets - net (continued)

Non-free and non-clear assets represent land plots located in Teluk Semangka, Lampung and certain assets located in other areas where, as of the date of the completion of these consolidated financial statements, the documentation and rights of the Company were still subject to completion of the legal and settlement processes to allow the Company to fully utilize such assets.

The Company has recognized a provision for impairment to reduce the value of such assets to their recoverable amounts. Management believes that the provision for impairment is adequate.

16. SHORT-TERM LOANS

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Government-related entities (Note 41)				
- Bank Mandiri	1,110,687	1,705,709	166,151	41,937
- BRI	753,287	820,154	189,027	4,434
- BNI	385,410	638,751	340	412
- Others (each bellow US$10,000)	153	110	-	726
Third parties				
- The Bank of Tokyo Mitsubishi UFJ, Ltd. ("BOTM")	329,281	-	-	-
- PT Bank Mizuho Indonesia	203,272	203,272	10,000	-
- PT ANZ Panin Bank	139,491	139,491	-	-
- PT Bank Sumitomo Mitsui Indonesia	120,000	145,368	-	50,000
- Sumitomo Mitsui Banking Corporation	114,934	97,016	10,000	6,425
- The Hongkong and Shanghai Banking Corp ("HSBC")	106,244	67,075	-	-
- Citibank,N.A	100,798	145,344	-	-
- Deutsche Bank AG	93,970	93,970	32,285	39,761
- PT Bank UOB Indonesia	77,158	-	10,000	10,000
- PT Bank DBS Indonesia	68,919	86,842	-	50,952
- PT Bank Permata Tbk	59,804	59,804	-	-
- PT Bank ICBC Indonesia	7,649	23,974	27,292	25,642
- PT Bank CIMB Niaga	-	-	5,735	-
- BNP Paribas	-	-	1,329	-
- BCA	-	118,934	-	4
- Others (each bellow US$10,000)	340	1,221	720	-
Total	**3,671,397**	**4,347,035**	**452,879**	**230,293**

Other information relating to the Group's short-term bank loan facilities as of March 31, 2019 are as follows:

Lenders	Expiration date
Bank Mandiri	September 19, 2019
BNI	June 14, 2019
BRI	November 25, 2019
The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BOTM")	November 25, 2019
Citibank, N.A.	May 8, 2019
PT Bank UOB Indonesia	September 23, 2018
BNI Syariah	May 31, 2019
PT Bank Mizuho Indonesia	September 25, 2019
PT Bank Sumitomo Mitsui Indonesia	October 31, 2019
Sumitomo Mitsui Banking Corporation	June 26, 2019
PT ANZ Panin Bank Indonesia Tbk	June 17, 2019
PT Bank Permata Tbk	May 10, 2019
PT Bank DBS Indonesia	July 5, 2019
Deutsche Bank AG	June 19, 2019
The Hongkong and Shanghai Banking Group ("HSBC")	September 17, 2019
PT Bank Danamon Indonesia Tbk	December 31, 2019
PT Bank ICBC Indonesia	December 31, 2019

Interest rates charged are based on market rates (e.g. Singapore Interbank Offered Rate ("SIBOR") or London Interbank Offered Rate ("LIBOR")) plus certain percentage depending on negotiation at drawdown.

(Expressed in thousands of United States Dollars, unless otherwise stated)

16. SHORT-TERM LOANS (continued)

The interest rates on short-term loans for the three-month periods ended March 31, 2019 and for the years ended December 31, 2018, 2017, and 2016 are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
US dollar	2.98%-3.71%	2.76%-3.71%	1.42%-2.52%	1.44%-1.65%
Rupiah	7.25%-12.00%	7.25%-11.50%	6.40%-12.50%	5.19%-12.75%

The funds received from short-term loans are to be used for working capital purposes.

17. TRADE PAYABLES - THIRD PARTIES

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
US dollar	2,744,568	3,215,103	3,719,566	3,050,556
Rupiah	485,902	374,194	152,548	213,848
Others	6,064	8,480	28,007	26,261
Total	**3,236,534**	**3,597,777**	**3,900,121**	**3,290,665**

The Group's trade payables are mainly related to purchases of crude oil, natural gas and petroleum products.

18. DUE TO THE GOVERNMENT

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
The Company:				
Conversion account (amount due to the Government for its share in the Indonesian crude oil production supplied to the Company's refineries)	1,456,127	961,481	749,956	586,171
Ulubelu and Lahendong geothermal project loan	253,310	253,310	252,123	200,777
Lumut Balai geothermal project loan	89,207	84,594	47,590	36,798
The Government's share in the domestic natural gas sales including its share of Indonesian gas production	26,900	36,889	30,674	29,470
Payable for purchase of the Government's share in the LPG production	4,370	11,358	8,826	5,939
Ngurah Rai Airport refuelling facility construction project loan	4,490	4,505	5,152	5,697
Due to BPH Migas for retribution fee from distribution of BBM - non subsidy	-	-	-	4,163
Other liability	-	-	174,907	209,175
Total - Company	**1,834,404**	**1,352,137**	**1,269,228**	**1,078,190**
Subsidiaries:				
PT Pertamina EP				
Government's share of production	29,268	25,764	1,897	15,867
Finance lease liability state-owned assets	86,513	81,815	88,536	90,218
Sub-total	115,781	107,579	90,433	106,085
PT Pertamina Hulu Energi				
Overlifting payables	42,201	37,878	59,678	59,347
PT Pertamina Hulu Indonesia				
Overlifting payables	137,925	109,126	-	-
PT Pertamina EP Cepu				
Overlifting payables	-	-	-	18,875

(Expressed in thousands of United States Dollars, unless otherwise stated)

18. DUE TO THE GOVERNMENT (continued)

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Subsidiaries:				
PT Perusahaan Gas Negara Tbk				
Loan for the construction of gas transmission pipelines from South Sumatera to West Java and distribution pipelines in West Java	344,657	352,971	360,034	362,178
Domestic Gas market development project loan	33,950	36,008	39,996	43,816
Gas transmition and distribution project Phase II project loan	7,126	7,126	11,876	16,627
Total - Subsidiaries	**681,640**	**650,688**	**562,017**	**606,928**
Total consolidated (Note 41)	**2,516,044**	**2,002,825**	**1,831,245**	**1,685,118**
Current portion	**(1,725,693)**	**(1,207,743)**	**(1,050,619)**	**(952,545)**
Non-current portion	**790,351**	**795,082**	**780,626**	**732,573**

a. Conversion account

The conversion account represents the Company's liability to the Government in relation to the shipment of the Government's share of Indonesian crude oil production to the Company's refineries for processing to meet the domestic demand for fuel products. The Government's share in the production of Indonesian crude oil derives from the work area of the PSC Contractor.

The movements of the conversion account are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Beginning balance	961,481	749,956	586,171	341,062
Add:				
Current year's Government share in the Indonesian crude oil production delivered to the Company's refineries during the year	2,701,410	10,289,631	6,819,294	4,726,374
Less:				
Cash settlement	(1,991,946)	(10,029,737)	(6,641,271)	(4,455,821)
Gains on foreign exchange	(214,818)	(48,369)	(14,238)	(25,444)
Ending balance	**1,456,127**	**961,481**	**749,956**	**586,171**

b. Ulubelu and Lahendong Geothermal project loan

For the implementation of Ulubelu and Lahendong Geothermal Clean Energy Investment Project, the Company has obtained loans from the International Bank for Reconstruction and Development ("IBRD") as part of the World Bank Loan.

On December 5, 2011, LA 8082-ID and TF10417-ID were signed by the Government of Indonesia and IBRD with the Company as Executing Agency and PGE as Implementing Agency, with total amount of US$300,000 consisting of LA 8082-ID of US$175,000 and LA TF10417-ID of US$125,000. Interest rate from World Bank is at LIBOR + 0.45% + 0.5% (bank charges) + variance spread annually, while interest rate from Japan International Cooperation Agency ("JICA") is at 0.25% + 0.25%.

Repayment of the loan principal will be on a semi-annual basis, on April 10 and October 10, LA-8082-ID, from October 10, 2020 until October 10, 2035 and LA TF10417-ID, from October 10, 2021 until April 10, 2051.

(Expressed in thousands of United States Dollars, unless otherwise stated)

18. DUE TO THE GOVERNMENT (continued)

b. Ulubelu and Lahendong Geothermal project loan (continued)

The following are the oustanding loan balances as of March 31, 2019 and December 31, 2018, 2017, and 2016:

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
LA 8082-ID	129,044	129,044	131,055	108,947
LA TF10417-ID	124,266	124,266	121,068	91,830
Total	**253,310**	**253,310**	**252,123**	**200,777**

c. Lumut Balai Geothermal project loan

On March 29, 2011, the Loan Agreement (“LA”) IP-557 was signed between the Government of Indonesia, represented by the Director General of Debt Management, Ministry of Finance, and JICA, represented by the Chief Representative of JICA, with the Company as Executing Agency and PGE as Implementing Agency. The amount of the loan facility is ¥26,966,000,000 (full amount) with drawing period of eight years from the effective date with effective interest rates at 0.3% p.a plus 0.3% p.a and 0.01% p.a plus 0.01% p.a, respectively.

Repayment of the loan principal will be on a semi-annual basis, on March 20, and September 20, commencing on March 20, 2021 to March 2051. The outstanding loan balance as of March 31, 2019, and December 2018, 2017, and 2016 amounted to ¥9,883,692,974, ¥9,343,033,479, ¥5,363,082,289, and ¥4,284,146,996 (full amount), respectively or equivalent to US$89,207, US$84,594, US$47,590, and US$36,798, respectively.

d. Ngurah Rai Airport refueling facility construction project loan

On May 7, 2007, the Government channelled a loan amounting to ¥1,172,872,837 (full amount) from the Overseas Economic Cooperation Fund Japan to the Company in relation to the construction of the Ngurah Rai Airport refuelling facility in accordance with the loan agreement dated November 29, 1994.

The loan is repayable in 36 semi-annual installments commencing in May 2007 through November 2024, and is subject to interest at the rate of 3.1% per annum. The outstanding loan balance as of March 31, 2019 and December 31, 2018, 2017, and 2016 amounted to ¥497,492,834, ¥497,492,834, ¥580,408,306, and ¥663,323,781 (full amount), respectively, or equivalent to US$4,490, US$4,505, US$5,152, and US$5,697, respectively.

e. Other liability

In 2017, the Company recorded reimbursement of disparity in price of JBKP Premium in 2016, which resulted in additional revenue amounting to Rp2.37 trillion (equivalent to US$174,907 as of December 31, 2017 and US$209,175 as of December 31, 2016) (value before VAT and PBBKB) in accordance with LHP BPK No. 39/AUDITAMA VII/PDTT/11/2017 dated November 13, 2017.

On June 8, 2018, the Government through MoF issued a letter Number S-100/MK.2/2018 regarding Submission of Settlement of Follow-Up Recommendations of the BPK RI in LHP on Central Government Financial Reports ("LKPP") and State General Treasurer Financial Reports (" LKBUN ") in 2015-2017 and LHP for Examinations with Specific Purpose at the Ministry of Finance in 2015-2016, stated that the excess revenue due to price disparity in 2016 JBKP Premium sales was recognized as excess revenue for the Company. This resulted in an amount of Rp2.37 trillion (equivalent to US$178,070) which was previously recorded as due to the Government that corrected to other operating activities revenue in 2018 (Note 31).

f. Finance lease liability involving state-owned assets utilized by PT Pertamina EP

In accordance with the Minister of Finance Decree dated May 2, 2008, assets previously owned by the former Pertamina Entity which have not been recognized in the opening balance sheet of the Company, represent state-owned assets (“BMN”), the control of which is exercised by the Directorate General of State Assets.

On September 20, 2016, the State Property Lease Agreements between the Ministry of Finance of the Republic of Indonesia with PT Pertamina EP No. PRJ-3-MK.6/2016 and No. 1307/EP0000/2016-S0 have been signed. With the signing of the agreements, management believes that the property lease payable for unutilized BMN, will not be charged by the Government since it was not included as part of the scope of the agreements. Therefore, in 2016, PT Pertamina EP made correction to the BMN lease payable for BMN which are not used by PT Pertamina EP.

(Expressed in thousands of United States Dollars, unless otherwise stated)

18. DUE TO THE GOVERNMENT (continued)

f. Finance lease liability involving state-owned assets utilized by PT Pertamina EP (continued)

The following table represents the finance lease payables to BMN that include installations, buildings, and moveable equipment utilized in the PT Pertamina EP's oil and gas operations:

Lessor	Type of asset	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
The Ministry of Finance	Installation assets, buildings and moveable assets	86,513	81,815	88,536	90,218
Less current portion		(4,884)	(1,180)	(1,087)	(944)
Non-current portion		**81,629**	**80,635**	**87,449**	**89,274**

Future minimum lease payments as of March 31, 2019, and December 31, 2018, 2017, and 2016, are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Within one year	14,548	14,310	15,295	15,423
More than one year but not more than five years	72,738	71,550	76,475	77,112
More than five years	156,387	153,832	179,716	196,637
Total	243,673	239,692	271,486	289,172
Less interest	(157,160)	(157,877)	(182,950)	(198,954)
Net	86,513	81,815	88,536	90,218
Current portion	(4,884)	(1,180)	(1,087)	(944)
Non-current portion	**81,629**	**80,635**	**87,449**	**89,274**

g. Overlifting payables

The overlifting payables represent subsidiaries' payable to SKK Migas as a result of subsidiaries' actual lifting crude oil and gas being higher than their entitlements for the respective year.

h. Loans for the construction of gas transmission pipelines from South Sumatera to West Java and distribution pipelines in West Java

On March 27, 2003, Japan Bank for International Cooperation ("JBIC") agreed to provide loans to the Government with a total amount equivalent to ¥49,088,000,000 (full amount) to assist the Government in financing the construction of a gas transmission pipeline network from South Sumatra to Java West and distribution pipelines in West Java.

On May 28, 2003, PGN and the Government entered into a Loan Forwarding Agreement No. SLA1156 / DP3 / 2003, where the Government continues this loan from JBIC with a total not exceeding ¥49,088,000,000 (full amount) to PGN.

The loan principal is repayable on semi-annually basis on March 20 and September 15 starting from March 20, 2013 to March 20, 2043. The loan balance as of March 31, 2019, and December 31, 2018, 2017, and 2016 amounted to ¥38,186,297,299, ¥38,983,847,840, ¥40,554,284,480, and ¥42,164,627,000 (full amounts), respectively or equivalent to US$344,657, US$352,971, US$360,034, and US$362,178, respectively.

(Expressed in thousands of United States Dollars, unless otherwise stated)

18. DUE TO THE GOVERNMENT (continued)

i. Domestic Gas market development project loan

Based on the loan agreement dated February 7, 2006, IBRD agreed to provide loan facility to the Government an aggregate amount equivalent to US$80,000 to assist the Government in financing the Domestic Gas Market Development Project.

On April 3, 2006, PGN and the Government entered into the related Subsidiary Loan Agreement, which provides for the Government's relending of the IBRD loan proceeds of US$80,000 to PGN, which shall undertake the Project.

On November 14, 2013, PGN 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 starting on February 1, 2013.

The loan principal is repayable on semi-annually basis on February 15, and August 15 starting from April 3, 2006 to February 15, 2026. The loan balance as of March 31, 2019 and December 31, 2018, 2017, and 2016 US$33,950, US$36,008, US$39,996, and US$43,816.

j. Gas transmition and distribution project Phase II project loan

On September 15, 2000, PGN and the Government entered into a Loan Agreement, which provides for the Government's relending of the EIB loan proceeds not exceeding EUR€70,000,000 (full amount) or equivalent to US$54,633 to PGN as part of the financing of the Gas Transmission and Distribution Project Phase II.

Under the Loan Agreement, PGN undertakes among other things, that it shall maintain certain financial covenants for each reporting year-end such as debt to equity ratio of maximum 2:1.

As of March 31, 2019 and December 31, 2018, 2017, and 2016 PGN has complied with all financial ratios required to be maintained under the loan agreements.

Payments towards the principal is done semi-annually on June 15, and December 15. Payment started from December 15, 2015 until June 15, 2020. The loan balances as of March 31, 2019 and December 31, 2018, 2017, and 2016 amounted to US$7,126, US$7,126, US$11,876, and US$16,627, respectively.

19. ACCRUED EXPENSES

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Suppliers and contractors	1,179,890	1,069,409	1,040,540	805,803
Bonuses, incentives and salaries	360,201	441,536	460,779	398,874
Estimated owned retention claim	305,321	286,508	190,458	123,423
Interest on loans	269,729	105,062	68,109	66,120
Employee benefit liabilities due within one year (Note 22b)	230,353	232,994	260,010	202,392
Total	**2,345,494**	**2,135,509**	**2,019,896**	**1,596,612**

20. LONG-TERM LIABILITIES

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Bank loans:				
Government-related entities	178,540	179,361	174,638	211,074
Third parties	1,758,528	1,891,264	2,100,822	3,028,748
	1,937,068	2,070,625	2,275,460	3,239,822
Issuance costs - net	(5,201)	(4,775)	(6,838)	(13,199)
Total bank loans - net	1,931,867	2,065,850	2,268,622	3,226,623
Finance leases	143,347	160,027	207,104	212,486
Total long-term liabilities	**2,075,214**	**2,225,877**	**2,475,726**	**3,439,109**
Current portion	**(423,322)**	**(420,577)**	**(365,959)**	**(722,200)**
Long-term liabilities - net of current portion	**1,651,892**	**1,805,300**	**2,109,767**	**2,716,909**

(Expressed in thousands of United States Dollars, unless otherwise stated)

20. LONG-TERM LIABILITIES (continued)

Annual interest rates on bank loans for the three-month periods ended March 31, 2019, and for the years ended December 31, 2018, 2017, and 2016 are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Rupiah	2.35%-13.00%	2.35%-13.00%	7.25%-13.00%	9.00%-12.50%
US dollar	1.37%-5.60%	1.37%-5.60%	1.37%-3.51%	1.46%-3.20%

a. Bank loans

Details of the Group's syndicated and bank loans as of March 31, 2019, and December 31, 2018, 2017, and 2016 are as follows:

	March 31, 2019 (unaudited)		
	Total	Current	Non-current
Government-related entities			
Bank Mandiri	19,021	11,350	7,671
PT Bank Syariah Mandiri	9,329	1,959	7,370
BRI	115	115	-
PT Bank BNI Syariah	75	48	27
Other financial institution -			
PT Sarana Multi Infrastruktur (Persero)	150,000	-	150,000
Third parties			
BOTM (Syndicated loan)	1,450,910	334,590	1,116,320
Sumitomo Mitsui Banking Corporation	194,150	10,603	183,547
PT Bank Sumitomo Mitsui Indonesia	69.093	12,316	56,777
PT Bank ICBC Indonesia	44,375	-	44,375
Total	**1,937,068**	**370,981**	**1,566,087**

	December 31, 2018			2017			2016		
	Total	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current
Government-related entities									
Bank Mandiri	19,753	10,043	9,710	17,463	15,981	1,482	14,996	2,967	12,029
PT Bank Syariah Mandiri	9,330	-	9,330	-	-	-	-	-	-
BNI	-	-	-	2,715	2,449	266	20,127	19,859	268
BRI	181	181	-	1,725	1,532	193	1,218	1,218	-
PT Bank BNI Syariah	97	70	27	359	255	104	297	147	150
Other financial institution -									
PT Multi Sarana Infrastruktur (Persero)	150,000	-	150,000	150,000	-	150,000	150,000	-	150,000
Lembaga Pembiayaan Ekspor Indonesia	-	-	-	2,376	2,376	-	24,436	7,152	17,284
Third parties									
BOTM (Syndicated loan)	1,609,539	333,569	1,275,970	1,935,000	277,547	1,657,453	1,104,412	123,036	981,376
BNP Paribas	-	-	-	-	-	-	768,900	384,050	384,850
Sumitomo Mitsui Banking Corporation	199,318	10,601	188,717	105,575	10,602	94,973	1,117,426	130,000	987,426
PT Bank Sumitomo Mitsui Indonesia	67,407	9,083	58,324	60,247	7,273	52,974	29,518	-	29,518
PT Bank Mizuho Indonesia	-	-	-	-	-	-	2,438	2,438	-
PT Bank ICBC Indonesia	15,000	-	15,000	-	-	-	-	-	-
Others (each below US$10,000)	-	-	-	-	-	-	6,054	5,701	353
Total	**2,070,625**	**363,547**	**1,707,078**	**2,275,460**	**318,015**	**1,957,445**	**3,239,822**	**676,568**	**2,563,254**

(Expressed in thousands of United States Dollars, unless otherwise stated)

20. LONG-TERM LIABILITIES (continued)

a. Bank loans (continued)

Other information on the Group's syndicated and bank loans as of March 31, 2019 is as follows:

Creditors	Repayment schedule
The Company	
Sumitomo Mitsui Banking Corporation (Long-term loan)	Several installments (2016-2025)
Lembaga Keuangan Lainnya	
PT Sarana Multi Infrastruktur (Persero) (Long-term loan)	Several installments (2015-2025)
BOTM (Syndicated loan)	Several installments (2016-2021)
Subsidiaries	
PT Bank BNI Syariah	
PT Pertamina Trans Kontinental	Several installments (2016-2019)
PT Bank Sumitomo Mitsui Indonesia	
PT Pertamina Trans Kontinental	Several installments (2015-2024)
BOTM (Syndicated loan)	
PT Pertamina Trans Kontinental	Several installments (2018-2023)
PT Bank Mandiri (Persero) Tbk	
PT Pelita Air Service	Several installments (2014-2019)
PT Bank Rakyat Indonesia (Persero) Tbk	
PT Pertamina Patra Niaga	Several installments (2016-2019)
BOTM (Syndicated loan)	
PT Pertamina Internasional Eksplorasi dan Produksi	Several installments (2015-2023)
PT Bank Syariah Mandiri	
PT Pertamina International Shipping	Several installments (2018-2025)
PT Bank Mandiri (Persero) Tbk	
PT Pertamina International Shipping	Several installments (2018-2025)
Sumitomo Mitsui Banking Corporation (Synidcated loans)	
PT Perusahaan Gas Negara Tbk	Several installments (2015-2020)
PT Bank ICBC Indonesia	
PT Elnusa Tbk	Several installments (2018-2023)

These bank loans are obtained to finance the capital expenditures of the Company and/or Subsidiaries' projects, general activities and certain costs relating to the agreement.

As specified by the loan agreements, the borrowers are required to comply with certain covenants, such as financial ratio covenants, no substantial change in the general business of the Company and/or Subsidiaries and not entering into mergers.

The certain subsidiaries' long-term bank loans are collateralised by those subsidiaries' receivables (Note 8) and fixed assets (Note 13).

On December 12, 2017, Etablissements Maurel et Prom entered into a syndicated loan agreement with 2 (two) national banks and 7 (seven) overseas banks. The Bank of Tokyo Mitsubishi UFJ, Ltd., Hong Kong Branch acting as Facility Agent. The syndicated loan facility amount is US$600 million bears interest at LIBOR plus 1.5% and shall be repaid on quarterly basis starting March 2020 to December 2023.

Prior to effective date of the above syndicated loan agreement, on December 11, 2017, as required by syndication loan agreement, PIEP, as Sponsor, Maurel et Prom West Africa SA, as Borrower, and The Bank of Tokyo Mitsubishi UFJ, Ltd. Hongkong Branch as Facility Agent, signed the Sponsor Support Agreement. This Agreement stipulates that if the Borrower fails to fulfill its obligations (Borrower Non-Payment), the Borrower must immediately submit the Sponsor Loan Request Notice to the Sponsor, and the Sponsor is obligated to provide funds to the Borrower for all unsettled obligations including outstanding interest payable. On December 11, 2017, the Company has issued a comfort letter as required in the syndicated bank facilities as discussed above, but not consitute a guarantee in respect of the obligation of PIEP under Sponsor Support Agreement and the Company shall not be construed as acting as a guarantor.

As of March 31, 2019, and December 31, 2018, 2017, and 2016, the Group complied with the covenants as required by the loan agreements.

(Expressed in thousands of United States Dollars, unless otherwise stated)

20. LONG-TERM LIABILITIES (continued)

b. Finance leases

This account represents the Group's future minimum lease payments from finance lease transactions for the LPG Filling and Transport Stations ("SPPBEs"), landing craft transports, BBM and LPG truck tankers, computer servers, gas pipeline installations and LPG plants.

Future minimum lease payments as of March 31, 2019 and December 31, 2018, 2017, and 2016 are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Within one year	66,368	84,137	54,407	55,501
Within more than year but not more than five years	85,694	115,474	121,179	161,754
More than five years	41,381	32,487	49,493	15,496
Total	193,443	232,098	225,079	232,751
Less: interest	(50,096)	(72,071)	(17,975)	(20,265)
Net	143,347	160,027	207,104	212,486
Current portion	(53,795)	(58,722)	(50,008)	(50,562)
Non-current portion	**89,552**	**101,305**	**157,096**	**161,924**

21. BONDS PAYABLE

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
The Company:				
Issued in 2011				
Due in 2021	1,000,000	1,000,000	1,000,000	1,000,000
Due in 2041	500,000	500,000	500,000	500,000
Issued in 2012				
Due in 2022	1,242,000	1,242,000	1,242,000	1,242,000
Due in 2042	1,221,590	1,221,590	1,230,000	1,230,000
Issued in 2013				
Due in 2023	1,615,000	1,615,000	1,615,000	1,615,000
Due in 2043	1,433,261	1,433,261	1,462,500	1,462,500
Issued in 2014				
Due in 2044	1,500,000	1,500,000	1,500,000	1,500,000
Issued in 2018				
Due in 2048	750,000	750,000	-	-
Total	**9,261,851**	**9,261,851**	**8,549,500**	**8,549,500**
Discount	(65,722)	(65,722)	(51,180)	(51,180)
Issuance cost	(27,211)	(27,211)	(23,552)	(23,552)
Amortization of discount and issuance cost during the period/year	29,880	28,608	23,679	17,544
Bonds payable owned by subsidiaries:	(58,250)	(62,000)	(68,500)	(55,000)
Total Company	**9,140,548**	**9,135,526**	**8,429,947**	**8,437,312**
Subsidiaries:				
Senior Unsecured Fixed Rate Notes	1,350,000	1,350,000	1,350,000	1,350,000
SEI Global Bonds	625,000	625,000	625,000	-
Discount and Issuance Cost - net	(15,741)	(16,430)	(19,074)	(14,656)
Total Subsidiaries	**1,959,259**	**1,958,570**	**1,955,926**	**1,335,344**
Total bonds payable	**11,099,807**	**11,094,096**	**10,385,873**	**9,772,656**

(Expressed in thousands of United States Dollars, unless otherwise stated)

21. BONDS PAYABLE (continued)

Other information on the Group's bonds payable as of March 31, 2019 is as follows:

	Nominal Issued Amount	Issuance price	Starting date	Maturity date	Trustee	Interest rate
The Company:						
Issued in 2011						
Due in 2021	1,000,000	98.097%	May 23, 2011	May 23, 2021	HSBC Bank USA, N.A	5.25%
Due in 2041	500,000	98.380%	May 27, 2011	May 27, 2041	HSBC Bank USA, N.A	6.50%
Issued in 2012						
Due in 2022	1,250,000	99.414%	May 3, 2012	May 3, 2022	HSBC Bank USA, N.A	4.88%
Due in 2042	1,250,000	98.631%	May 3, 2012	May 3, 2042	HSBC Bank USA, N.A	6.00%
Issued in 2013						
Due in 2023	1,625,000	100.000%	May 20, 2013	May 20, 2023	The Bank of New York Mellon	4.30%
Due in 2043	1,625,000	100.000%	May 20, 2013	May 20, 2043	The Bank of New York Mellon	5.63%
Issued in 2014						
Due in 2044	1,500,000	100.000%	May 30, 2014	May 30, 2044	The Bank of New York Mellon	6.45%
Issued in 2018						
Due in 2048	750,000	98.061%	Nov. 7, 2018	Nov. 7, 2048	The Bank of New York Mellon	6.50%
Subsidiary:						
Issued in 2014						
Due in 2024	1,350,000	99.037%	May 12, 2014	May 16, 2024	The Bank of New York Mellon	5.13%
Issued in 2017						
Due in 2024	625,000	100.000%	April 26, 2017	May 5, 2024	Citicorp International Limited	4.45%

The Company
The Indenture stipulates that:

- No later than 30 days following the occurrence of an event in which the Government of Indonesia ceases to own, directly or indirectly, more than 50% of the voting securities of the Company (Change of Control Triggering Event), the Company may be required to make an offer to repurchase all senior notes outstanding at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase. The senior notes are subject to redemption in whole, at 100% of their principal amount, together with any accrued interest, at the option of the Company at a certain time in the event of certain changes affecting Indonesian taxation.
- Certain covenants include among others: limitation on liens, limitation on sale and lease back transactions and provision of financial statements and other reports.
- The Company complied with the restrictions specified within the agreements with the Trustee.
- The proceeds from senior notes issued were used to partially fund the capital expenditure requirements in the acquisition of new blocks, development of existing blocks, rig purchase and tanker building.

As of March 31, 2019, the Company was rated as Baa2 with a stable outlook by Moody's Investors Service, BBB with a stable outlook by Fitch Ratings and BBB- with a stable outlook by Standard & Poor's ("S&P").

During the three-month periods ended March 31, 2019, no buy back portions of senior bonds by the Company (for the years ended December 31, 2018: US$37,649).

Subsidiary
- Senior unsecured fixed notes
  In relation to these bonds, the Company is restricted in conducting consolidation, merger, transfer, lease or disposal ofa ll or substantially all of its assets.
  Based on moody's investors services, S&P and Fitch Rating the bonds were rated at Baa3, BB+, and BBB-, respectively.
- SEI senior unsecured fixed rate notes
  SEI is not required to make sinking fund payment with respect ot hese bonds.
  Based on moody's investors services, S&P and Fitch Rating the bonds were rated at Ba1, BB+, and BB+, respecitvely.

(Expressed in thousands of United States Dollars, unless otherwise stated)

22. EMPLOYEE BENEFIT LIABILITIES

a. Post-employment benefit plans and other long-term employee benefits

The Company and certain Subsidiaries have post-employment benefit plans and provide other long-term employee benefits as follows:

1. Post-employment benefit plans

(i) Defined benefit plan managed by Dana Pensiun Pertamina

The Company and certain Subsidiaries received approval from the MoF of the Republic of Indonesia in Decision Letter No. S-190/MK.6/1977 dated July 15, 1977 to establish a separate pension fund, Dana Pensiun Pertamina, from which all employees, after serving a qualifying period, are entitled to defined benefits upon retirement, disability or death, and also post-employment medical benefits. The Defined Benefit Plans (“PPMP”) cover employees who were hired before year 2005.

(ii) Post-retirement healthcare benefits

The post-retirement healthcare benefits involve the Company’s retired employees and their spouses that had minimum 15 years of services and minimum 46 years old.

(iii) Severance and service pay (“PAP”)

PAP benefits consist of additional benefits for employees to which they are entitled when they enter the pension age and in the event of permanent disability, death, or voluntary resignation.

2. Other long-term employee benefits plan

The Company provides other long-term employee benefits in the form of pre-retirement benefits (“MPPK”), repatriation costs, annual leave, the Mandiri Guna I Insurance Program and service anniversaries, except for the insurance program benefit.

3. Employees’ saving plan

The Company and certain Subsidiaries (collectively referred to as the Participants) operate an Employees’ Saving Plan (“TP”) in the form of a defined contribution plan, in which the saving will be received by employees at the end of their service period. Until the fiscal year 2015, all contributions made are managed by PT Pertamina Pedeve Indonesia. Effective on October 28, 2016, PT Pertamina Pedeve Indonesia made a decision to restructure and it is no longer in business activities as a venture capital company so that all of available funds are transferred by management to Pension Fund (“DPLK”).

b. Provision for employee benefits

The estimated employee benefits obligations of the Company and most of its Subsidiaries as of December 31, 2018, 2017, and 2016, were determined based on the valuation reports of an independent actuary, PT Dayamandiri Dharmakonsilindo, dated January 9, 2019, January 25, 2018, and January 25, 2017, respectively. The estimated employee benefit obligations of the Company and most of its Subsdiaries as of March 31, 2019 were determined by way of extrapolation of the latest actuarial valuation report. The table below presents a summary of the employee benefits obligations reported in the consolidated statements of financial position:

	As of March 31, 2019 (unaudited)	As of December 31, 2018	2017	2016
The Company:				
Pension and other post employment benefits:				
- PPMP	147,593	142,585	200,990	142,326
- Post-retirement healthcare benefits	812,380	786,489	924,654	832,487
- PAP	723,096	718,902	900,396	922,194
- Repatriation costs	5,645	5,423	8,480	8,230
Sub-total	1,688,714	1,653,399	2,034,520	1,905,237

(Expressed in thousands of United States Dollars, unless otherwise stated)

22. EMPLOYEE BENEFITS LIABILITIES (continued)

b. Provision for employee benefits (continued)

	As of March 31, 2019 (unaudited)	As of December 31, 2018	2017	2016
Other long-term employee benefits:				
- MPPK	109,346	104,428	129,278	114,778
- Annual leave and service anniversary	11,580	10,035	16,063	12,843
Sub total	120,926	114,463	145,341	127,621
Subsidiaries:				
Pension and other post-employment benefits	325,896	315,515	288,369	228,266
Total Consolidated	**2,135,536**	**2,083,377**	**2,468,230**	**2,261,124**
Current portion (Note 19)	(230,353)	(232,994)	(260,010)	(202,392)
Non-current portion	**1,905,183**	**1,850,383**	**2,208,220**	**2,058,732**

c. Changes in present value of post-employment benefit obligations and fair value of plan assets

The following tables summarize the components of net benefit expense recognized in the statement of profit or loss and other comprehensive income and the funded status and amounts recognized in the statement of financial position for the respective plans for the three-month periods ended March 31, 2019, and the years ended December 31, 2018, 2017, and 2016 are as follows:

i. Post-employment benefit obligations

	March 31, 2019 (unaudited)						
	PPMP						
	Present value of post-employment benefit obligations	Fair value of plan assets	Post-employment benefit obligations	Post-retirement healthcare benefits	PAP	Repatriation cost	Total
Beginning balance	674,493	(531,908)	142,585	786,489	718,902	5,423	1,653,399
Current service cost							
Contribution from employee	369	-	369	2,618	11,155	94	14,236
Interest expense (Interest income)	13,848	(11,148)	2,700	17,255	13,435	105	33,495
Sub-total amounts recognized in profit or loss	**14,217**	**(11,148)**	**3,069**	**19,873**	**24,590**	**199**	**47,731**
Benefits paid from plan asset	(16,064)	16,064	-	-	-	-	-
Benefit paid by the Company	-	-	-	(6,974)	(32,414)	(66)	(39,454)
Contribution to plan by the Company	-	(415)	(415)	-	-	-	(415)
Loss on foreign currency exchange	11,236	(8,882)	2,354	12,992	12,018	89	27,453
Ending balance	**683,882**	**(536,289)**	**147,593**	**812,380**	**723,096**	**5,645**	**1,688,714**

(Expressed in thousands of United States Dollars, unless otherwise stated)

22. EMPLOYEE BENEFITS LIABILITIES (continued)

c. Changes in present value of post-employment benefit obligations and fair value of plan assets (continued)

i. Post-employment benefit obligations (continued)

	December 31, 2018						
	PPMP						
	Present value of post-employment benefit obligations	Fair value of plan assets	Post-employment benefit obligations	Post-retirement healthcare benefits	PAP	Repatriation cost	Total
Beginning balance	790,740	(589,750)	200,990	924,654	900,396	8,480	2,034,520
Current service cost (Contribution from employee)	3,935	(1,057)	2,878	27,061	48,428	405	78,772
Interest expense (Interest income)	55,823	(42,502)	13,321	67,111	50,139	542	131,113
Sub-total amounts recognized in profit or loss	**59,758**	**(43,559)**	**16,199**	**94,172**	**98,567**	**947**	**209,885**
Actuarial (gain) loss arising from:							
Changes in financial assumptions	(67,025)	36,386	(30,639)	(256,537)	(85,986)	(676)	(373,838)
Experience adjustments	2,452	-	2,452	117,720	31,520	(1,715)	149,977
Sub-total expense (income) recognized in other comprehensive income	**(64,573)**	**36,386**	**(28,187)**	**(138,817)**	**(54,466)**	**(2,391)**	**(223,861)**
Benefits paid from plan asset	(61,562)	61,562	-	-	-	-	-
Benefit paid by the Company	-	-	-	(35,241)	(169,620)	(1,107)	(205,968)
Contribution to plan by the Company	-	(34,218)	(34,218)	-	-	-	(34,218)
Loss on foreign currency exchange	(49,870)	37,671	(12,199)	(58,279)	(55,975)	(506)	(126,959)
Ending balance	**674,493**	**(531,908)**	**142,585**	**786,489**	**718,902**	**5,423**	**1,653,399**

(Expressed in thousands of United States Dollars, unless otherwise stated)

22. EMPLOYEE BENEFITS LIABILITIES (continued)

c. Changes in present value of post-employment benefit obligations and fair value of plan assets (continued)

i. Post-employment benefit obligations (continued)

	December 31, 2017						
	PPMP						
	Present value of post-employment benefit obligations	Fair value of plan assets	Post-employment benefit obligations	Post-retirement healthcare benefits	PAP	Repatriation cost	Total
Beginning balance	735,775	(593,449)	142,326	832,487	922,194	8,230	1,905,237
Current service cost (Contribution from employee)	3,569	(1,266)	2,303	16,809	45,431	534	65,077
Interest expense (Interest income)	60,762	(50,168)	10,594	72,036	67,105	654	150,389
Sub-total amounts recognized in profit or loss	**64,331**	**(51,434)**	**12,897**	**88,845**	**112,536**	**1,188**	**215,466**
Actuarial (gain) loss arising from:							
Changes in financial assumptions	80,080	22,798	102,878	166,048	76,914	836	346,676
Experience adjustments	(18,440)	-	(18,440)	(120,215)	(35,473)	(1,111)	(175,239)
Sub-total expense (income) recognized in other comprehensive income	**61,640**	**22,798**	**84,438**	**45,833**	**41,441**	**(275)**	**171,437**
Benefits paid from plan asset	(64,177)	64,177	-	-	-	-	-
Benefit paid by the Company	-	-	-	(34,417)	(168,325)	(590)	(203,332)
Contribution to plan by the Company	-	(36,763)	(36,763)	-	-	-	(36,763)
Loss on foreign currency exchange	(6,829)	4,921	(1,908)	(8,094)	(7,450)	(73)	(17,525)
Ending balance	**790,740**	**(589,750)**	**200,990**	**924,654**	**900,396**	**8,480**	**2,034,520**

(Expressed in thousands of United States Dollars, unless otherwise stated)

22. EMPLOYEE BENEFITS LIABILITIES (continued)

c. Changes in present value of post-employment benefit obligations and fair value of plan assets (continued)

i. Post-employment benefit obligations (continued)

	December 31, 2016						
	PPMP						
	Present value of post-employment benefit obligations	Fair value of plan assets	Post-employment benefit obligations	Post-retirement healthcare benefits	PAP	Repatriation cost	Total
Beginning balance	702,452	(608,993)	93,459	719,791	902,089	8,824	1,724,163
Current service cost (Contribution from employee)	4,230	(1,418)	2,812	11,680	45,288	502	60,282
Interest expense (Interest income)	64,279	(55,627)	8,652	68,355	77,516	745	155,268
Sub-total amounts recognized in profit or loss	**68,509**	**(57,045)**	**11,464**	**80,035**	**122,804**	**1,247**	**215,550**
Actuarial (gain) loss arising from:							
Changes in financial assumptions	15,564	28,927	44,491	(4,004)	39,711	424	80,622
Experience adjustments	(5,470)	-	(5,470)	45,508	(10,510)	(1,953)	27,575
Sub-total expense (income) recognized in other comprehensive income	**10,094**	**28,927**	**39,021**	**41,504**	**29,201**	**(1,529)**	**108,197**
Benefits paid from plan asset	(63,909)	63,909	-	-	-	-	-
Benefit paid by the Company	-	-	-	(27,171)	(156,042)	(555)	(183,768)
Contribution to plan by the Company	-	(3,667)	(3,667)	-	-	-	(3,667)
Loss on foreign currency exchange	18,629	(16,580)	2,049	18,328	24,142	243	44,762
Ending balance	**735,775**	**(593,449)**	**142,326**	**832,487**	**922,194**	**8,230**	**1,905,237**

On the status of unfunded Defined Benefit Pension Plan ("PPMP") will be settled paid by the Company in accordance with applicable regulations.

The actual return on plan assets as of March 31, 2019 and December 31, 2018, 2017, and 2016 amounted to US$142,207, US$6,116, US$27,369 and US$26,700 respectively.

ii. Other long-term employment benefit

	As of March 31, 2019 (unaudited)		
	MPPK	Annual leave and service anniversary	Total
Beginning balance	104,428	10,035	114,463
Current service cost	1,624	1,305	2,929
Interest cost	2,000	155	2,155
Sub-total benefit cost recognized in the profit or loss	**3,624**	**1,460**	**5,084**
Benefit paid by the Company	(420)	(71)	(491)
Gain on foreign exchange	1,714	156	1,870
Ending balance	**109,346**	**11,580**	**120,926**

(Expressed in thousands of United States Dollars, unless otherwise stated)

22. EMPLOYEE BENEFITS LIABILITIES (continued)

c. Changes in present value of post-employment benefit obligations and fair value of plan assets (continued)

ii. Other long-term employment benefit (continued)

	As of December 31,								
	2018			2017			2016		
	MPPK	Annual leave and service anniver-sary	Total	MPPK	Annual leave and service anniver-sary	Total	MPPK	Annual leave and service anniver-sary	Total
Beginning balance	129,278	16,063	145,341	114,778	12,843	127,621	114,591	13,042	127,633
Current service cost	6,743	3,866	10,609	6,573	7,039	13,612	5,906	5,980	11,886
Past service cost	-	-	-	-	-	-	(304)	(49)	(353)
Interest cost	7,995	802	8,797	8,828	817	9,645	9,699	969	10,668
Actuarial (losses) gain	(18,078)	(3,605)	(21,683)	4,604	864	5,468	2,647	(2,348)	299
Sub-total benefit cost recognized in the profit or loss	**(3,340)**	**1,063**	**(2,277)**	**20,005**	**8,720**	**28,725**	**17,948**	**4,552**	**22,500**
Benefit paid by the Company	(13,453)	(6,138)	(19,591)	(4,367)	(5,353)	(9,720)	(20,850)	(5,106)	(25,956)
(Loss) Gain on foreign exchange	(8,057)	(953)	(9,010)	(1,138)	(147)	(1,285)	3,089	355	3,444
Ending balance	**104,428**	**10,035**	**114,463**	**129,278**	**16,063**	**145,341**	**114,778**	**12,843**	**127,621**

d. Actuarial assumptions

Significant actuarial assumptions applied in the calculation of post-employment benefit obligations and other long-term employment benefits for the Company are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Discount rate (per annum):				
- Defined benefits plan administered by Dana Pensiun Pertamina	8.41%	8.41%	7.76%	8.61%
- PAP	8.12%	8.12%	6.44%	7.85%
- Post-retirement healthcare benefits	8.77%	8.77%	7.76%	8.78%
- Repatriation cost	8.29%	8.29%	7.26%	8.57%
- MPPK	8.27%	8.27%	7.07%	8.34%
- Annual leave	7.39%	7.39%	6.35%	7.81%
- Services anniversary	8.30%	8.30%	7.07%	8.50%
Gold Inflation rate (per annum)	8.00%	8.00%	9.00%	9.00%
Salary increases (per annum)	9.50%	9.50%	9.50%	9.50%
Annual medical expense trend (per annum afterwards)	8.00%	8.00%	8.00%	8.00%
Demographic factors:				
- Mortality:	Tabel Mortalitas Indonesia 3-2011 “TMI 3” 2011	Tabel Mortalitas Indonesia 3-2011 “TMI 3” 2011	Tabel Mortalitas Indonesia 3-2011 “TMI 3” 2011	Tabel Mortalitas Indonesia 3-2011 “TMI 3” 2011
- Disability (TMI 3):	0.75% TMI 3	0.75% TMI 3	0.75% TMI 3	0.75% TMI 3
- Resignation:				
Until 20 years of age (per annum)	1%	1%	1%	1%
21-55 years of age (per annum)	reducing linearly to 0% until the age of 56	reducing linearly to 0% until the age of 56	reducing linearly to 0% until the age of 56	reducing linearly to 0% until the age of 56
- Pension	100% at normal retirement age	100% at normal retirement age	100% at normal retirement age	100% at normal retirement age
- Normal retirement age (years)	56 years	56 years	56 years	56 years
- Operational costs of the pension plan:	8% of service cost and 2.11% of benefit payments	8% of service cost and 2.11% of benefit payments	8% of service cost and 2.11% of benefit payments	8% of service cost and 3.5% of benefit payments

(Expressed in thousands of United States Dollars, unless otherwise stated)

22. EMPLOYEE BENEFIT LIABILITIES (continued)

d. Actuarial assumptions (continued)

Investment portfolio of plan assets comprises the following:

	March 31, 2019 (unaudited)		December 31, 2018		2017		2016	
	Investment value	%	Investment value	%	Investment value	%	Investment value	%
Equity instruments	153,862	27%	154,253	29%	171,028	29%	190,834	32%
Debt instruments	245,299	40%	218,082	41%	247,694	42%	256,397	43%
Others	137,130	33%	159,573	30%	171,028	29%	146,218	25%
Total	**536,291**	**100%**	**531,908**	**100%**	**589,750**	**100%**	**593,449**	**100%**

The expected return on plan assets is determined by considering the expected returns from the assets based on current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as of the reporting date. Expected returns on equity and investment properties reflect long-term real rates of return experienced in the respective markets.

Expected contributions to post-employment benefit plans for the three-month periods ended March 31, 2019 and the years ended December 31, 2018, 2017, and 2016, were US$31,685, and US$31,166, US$5,371, and US$5,416, respectively.

The qualitative sensitivity analysis for significant assumptions as of March 31, 2019 is as follows (unaudited):

	Effect on 1% increase to defined benefit obligation	Effect on 1% decrease to defined benefit obligation
Discount rate	(23,459)	23,459
Salary rate	8,497	(8,497)
Healthcare cost trend rate	8,124	(8,124)

The average duration years of the Company's defined benefits plan obligation as of March 31, 2019 and December 31, 2018, 2017, and 2016, are as follows:

	As of March 31, 2019 (unadited)	December 31, 2018	2017	2016
PPMP	14.35	14.35	15.38	15.91
PAP	5.98	5.98	6.71	5.70
Post-retirement healthcare benefits	17.84	17.84	25.57	20.49

The maturity profile of post-employment benefits obligation of the Company as of March 31, 2019 and December 31, 2018, 2017, and 2016, are as follows:

	As of March 31, 2019 (unadited)	December 31, 2018	2017	2016
Within 1 years	270,838	266,405	291,079	262,536
2 - 5 years	805,132	791,955	903,342	855,130
More than 5 years	22,874,445	22,500,076	23,312,066	16,312,066
	23,950,415	**23,558,436**	**24,506,487**	**17,429,732**

Management believes that the estimated liabilities for employee benefits from all of the Group's pension programs, based on the estimated calculation provided by the actuaries, exceed the minimum liability that is required by Labour Law No. 13/2003.

(Expressed in thousands of United States Dollars, unless otherwise stated)

23. PROVISION FOR DECOMMISIONING AND SITE RESTORATION

The movements in the provision for decommissioning and site restoration are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Beginning balance	2,029,735	2,129,337	1,900,093	2,000,069
Addition (deduction) - net	(1,053)	(186,637)	177,746	(182,246)
Accretion expense (Note 38 and 46a)	21,507	87,035	51,498	82,270
Ending balance	**2,050,189**	**2,029,735**	**2,129,337**	**1,900,093**

The addition (deduction) mainly represents the changes in estimate in decommissioning and site restoration which were applied by the Group.

24. NON-CONTROLLING INTERESTS

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
PT Perusahaan Gas Negara Tbk	1,785,815	1,397,957	1,382,334	1,368,449
PT Pertamina Internasional Eksplorasi dan Produksi	332,752	333,294	263,376	-
PT Elnusa Tbk	139,733	134,790	132,956	127,485
PT Asuransi Tugu Pratama Indonesia Tbk (previously PT Tugu Pratama Indonesia)	143,616	143,831	108,797	82,232
Pertamina International Timor S.A.	1,084	1,447	1,086	605
Total	**2,403,000**	**2,011,319**	**1,888,549**	**1,578,771**

25. SHARE CAPITAL, ADVANCE FOR SHARE ISSUANCE AND ADDITIONAL PAID-IN CAPITAL

a. Share capital and advance for share issuance

In accordance with Notarial Deed No. 20 dated September 17, 2003 of Lenny Janis Ishak, S.H., and the decision of MoF through Decision Letter No. 408/KMK.02/2003 (KMK 408) dated September 16, 2003, the Company's authorized capital amounted to Rp200 trillion (full amount), which consists of 200,000,000 ordinary shares with a par value of Rp1,000,000 (full amount) per share of which Rp100 trillion (full amount) has been issued and paid by the Government of the Republic of Indonesia through the transfer of identified net assets from the former Pertamina Entity, including its Subsidiaries and its Joint Ventures.

Based on MoF's Decision Letter No. 23/KMK.06/2008 dated January 30, 2008, regarding the Determination of the Opening Balance Sheet of PT Pertamina (Persero) as of September 17, 2003, the total amount of the Government's equity ownership in the Company is Rp82,57 trillion (full amount). This amount consists of all of the former Pertamina Entity's net assets and net liabilities excluding LNG plants operated by PT Badak Natural Gas Liquefaction and PT Arun Natural Gas Liquefaction, former upstream assets currently operated by PT Pertamina EP, and certain parcels of land and building assets.

The changes in the Company's issued and paid-up share capital from Rp100 trillion to Rp82,57 trillion (equivalent to US$9,809,882) (full amount) were approved at a GMS held on June 15, 2009 and was documented in Notarial Deed No. 11 of Lenny Janis Ishak, S.H. The amendment was documented in Notarial Deed No. 4 dated July 14, 2009 of Lenny Janis Ishak, S.H., and approved by the Minister of Law and Human Rights of the Republic of Indonesia in Decision Letter No. AHU-45429.AH.01.02.Tahun 2009 dated September 14, 2009. The reduction in the Company's issued and paid-up share capital is effective retrospectively as of September 17, 2003.

As of August 1, 2012, there were additional share capital contributions documented in Notarial Deed No. 1 of Lenny Janis Ishak, S.H. in the amount of Rp520.92 billion (full amount) (equivalent to US$55,019) and based on PP No. 13 Year 2012 regarding the Addition to the Government's Capital Contribution to Share Capital of State Enterprise (Persero) PT Pertamina.

(Expressed in thousands of United States Dollars, unless otherwise stated)

25. SHARE CAPITAL, ADVANCE FOR SHARE ISSUANCE AND ADDITIONAL PAID-IN CAPITAL (continued)

a. Share capital and advance for share issuance (continued)

Based on the GMS dated December 14, 2015, the MoSOE approved the capitalization of retained earnings into share capital amounting to Rp50 trillion with 50,000,000 shares (full amount) (equivalent to US$3,552,146).

Subsequently, advances for share issuance was capitalized as an addition to issued and paid-up share capital through Notarial Deed No. 10 dated January 11, 2016 of Lenny Janis Ishak, S.H.

The additional issued and paid-up share capital was reported to the Minister of Law and Human Rights through Receipt of Notification regarding the Amendment of Articles of Association No. AHU-AH.01.3-0003113 dated January 15, 2016.

The increase in the Company's authorized capital from Rp200 trillion to Rp600 trillion (full amount) has been approves by MoSOE as the GMS of the Company through Approval letter No. S-217/MBU/04/2018 dated April 11, 2018 and was documented in Notarial Deed No. 29 dated April 13, 2018 of Aulia Taufani, S.H., and approved by the Minister of Law and Human Rights of the Republic of Indonesia in Decision Letter No. AHU-0052766.AH.01.11.Tahun 2018 dated April 13, 2018 (Note 4a).

As of March 31, 2019, and December 31, 2018, 2017, and 2016, the Company's issued and paid-up share capital were as follows:

Shareholder	Number of isssued and paid-up shares (full amount)	Percentage of ownership	Issued and paid up share capital
March 31, 2019 (unaudited)			
The Government of the Republic of Indonesia	171,227,044	100%	16,191,204
December 31, 2018			
The Government of the Republic of Indonesia	171,227,044	100%	16,191,204
December 31, 2017			
The Government of the Republic of Indonesia	133,090,697	100%	13,417,047
December 31, 2016			
The Government of the Republic of Indonesia	133,090,697	100%	13,417,047

b. Additional paid-in capital

The additional paid-in capital as of March 31, 2019 and December 31, 2018, 2017, and 2016 represent the effect of applying of SFAS 38, Business Combination of Entities Under Common Control (Revised 2012), to recognize the difference between the consideration received/transferred and the amount recorded.

26. GOVERNMENT CONTRIBUTED ASSETS PENDING FINAL CLARIFICATION OF STATUS ("BPYBDS")

a. Refuelling apron installation at Sultan Hasanuddin-Makassar Airport and fuel hydrant facilities at Juanda-Surabaya Airport

Based on Memorandum of Operational Acceptances ("MOACs") No. 05/BA/MKS-HND/XII/2011, No. AU/14525/KEU.1227/XII/2011, No. BA084/F100000/2011-S3 and MOACs No. 005/F00000/2012-S0, No. BA.125 Year 2012, No. 0573/B3/KOBU/IV/2012 from the Ministry of Transportation, the Company obtained management and operation rights of Refuelling Apron Installation at Sultan Hasanuddin Airport-Makassar and Fuel Hydrant Facilities at Juanda Airport-Surabaya, resulting in the balance of this account of Rp12,453 million (equivalent to US$1,361) (Note 15) on December 31, 2017.

26. GOVERNMENT CONTRIBUTED ASSETS PENDING FINAL CLARIFICATION OF STATUS ("BPYBDS") (continued)

b. Natural gas distribution network ("jargas") for households and gas refueling stations ("SPBG") and supporting infrastructure

As of December 31, 2018, the Company and Secretary General of the Directorate of Oil and Gas of the Ministry of Energy and Mineral Resources as the proxy of budget/goods users have signed the Minutes of Handover of Operations. Use ("BASTO") of State Property ("BMN") in the form of Distribution Network ("Jargas") Natural Gas for Households Number BA-05/C00000/2018-S0 and Gas Filling Stations ("SPBG") and Infrastructure Supporting Number BA-06/C00000/2018-S0. The value of BMN assets in the form of land and non-land assets with categories of operating and non-operating assets is Rp5.8 trillion (equivalent to US$399,759) (Note 15), currently these assets are managed by PT Pertagas Niaga and PGN.

Based on the results of the discussion of the Ministry of Finance, the Ministry of Energy and Mineral Resources, the Financial and Development Supervisory Agency ("BPKP"), and the Company agreed that BASTO was recorded and treated as BPYBDS and recorded in other asset accounts. Based on the results of the review of BPKP assets of Jargas and SPBG with free and clear status, it will be recommended to carry out the State Capital Participation ("PMN") process, while those that do not have free and clear status will be returned to the ESDM Directorate General of Oil and Gas.

27. RETAINED EARNINGS AND INTERIM DIVIDEND

a. General Meeting of Shareholders ("GMS")

On May 31, 2016, the Company held a GMS for the fiscal year 2015. Based on the minutes of meeting, the shareholders approved, among other, the utilization of 2015 net income of the Company as follows:
- Distribution of dividends amounting to Rp6.8 trillion (equivalent to US$499,449); (Note 46)
- The remaining amount of US$920,771 were reserved to support operations and corporate development.

Based on the GMS decision to approve the 2015 annual report of PT Pertamina (Persero), there was an additional appropriation of retained earnings for partnership program and community development program mounting to Rp57,480 million (equivalent to US$4,222) and Rp57,480 million (equivalent to US$4,222), respectively.

On March 16, 2017, the Company held a GMS for the fiscal year 2016. Based on the minutes of meeting, the shareholder approved, among others, the utilization of 2016 net income of the Company as follows:
- Distribution of dividends amounting to Rp12.1 trillion (equivalent to US$907,383); (Note 46)
- The remaining amount of US$2,239,660 were reserved to support operations and corporate development.

Based on the GMS decision to approve the 2017 Company Workplan and Budget ("RKAP") of the Company, there was an additional appropriation of retained earnings for community development program amounting to Rp250 billion (equivalent to US$18,707).

On January 17, 2018 based on the GMS decision to approve the 2018 RKAP of the Company, there was an additional appropriation of retained earnings for community development program amounting to Rp275 billion (equivalent to US$19,936).

On May 2, 2018, the Company held a GMS for the fiscal year 2017. Based on the minutes of meeting, the shareholders approved, among other things, the utilization of 2017 net income of the Company as follows:
- Distribution of dividends amounting to Rp8.57 trillion (equivalent to US$614,939); (Note 46)
- The remaining amount of US$1,925,256 were reserved to support operations and corporate development.

On January 23, 2019 based on the GMS decision to approve the 2019 RKAP of the Company, there was an additional appropriation of retained earnings for community development program amounting to Rp124.7 billion (equivalent to US$8,921).

b. Interim dividend

In 2016, the Company paid an interim dividend for 2016 to the Government amounting to Rp500,000 million (full amount) (equivalent to US$37,120) based on a request from the Minister of State-Owned Enterprises to President Director through Letter No. S-719/MBU/12/2016 dated December 6, 2016.

The interim dividend payments in 2016 have been recognized as advances as of December 31, 2016.

(Expressed in thousands of United States Dollars, unless otherwise stated)

28. DOMESTIC SALES OF CRUDE OIL, NATURAL GAS, GEOTHERMAL ENERGY AND OIL PRODUCTS

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Pertamax, Pertamax plus, Pertalite gasoline and Pertadex (diesel oil)	2,641,124	2,940,853	11,215,914	9,794,161	2,388,025
ADO	2,391,210	2,222,795	10,713,543	9,388,019	8,557,555
Natural gas	1,606,548	1,680,621	3,196,038	5,461,178	5,607,942
Premium gasoline	1,216,293	1,047,760	4,509,233	5,429,272	11,488,509
LPG, Petrochemicals, Lubricants and Others	1,057,769	1,236,100	8,201,023	4,313,150	3,618,572
Avtur and Avigas	783,262	893,313	3,955,434	2,990,276	2,356,815
Crude oil	162,464	223,978	917,333	763,281	335,148
Geothermal energy-steam and Electricity	157,426	156,343	645,593	609,610	524,879
IFO/MFO	140,476	146,078	639,575	492,753	450,635
DMO fees - crude oil	130,989	130,989	612,953	400,621	355,699
Kerosene	28,632	32,383	123,894	137,924	144,135
IDO	1,800	2,786	11,978	8,539	13,782
Total	**10,317,993**	**10,713,999**	**44,742,511**	**39,788,784**	**35,841,696**

29. SUBSIDY REIMBURSEMENTS FROM THE GOVERNMENT

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Current year:					
Subsidy reimbursements for 3 kg LPG cylinders (Note 9b)	675,269	792,080	3,496,603	2,977,967	1,817,647
Subsidy reimbursements for certain fuel (BBM) products (Note 9c)	520,120	551,094	2,126,796	595,206	753,250
Subsidy reimbursements for kerosene (Note 9)	17,108	-	16,828	-	-
Sub total	1,212,497	1,343,174	5,640,227	3,573,173	2,570,897
Corrections from govenrment audit for subsidy reimbursements:					
- BBM year 2018 (Note 9c)	-	(149)	(699)	-	-
- LPG year 2018 (Note 9b)	-	(261)	(1,252)	-	-
- BBM year 2017 (Note 9c)	-	-	(147)	-	-
- LPG year 2017 (Note 9b)	-	-	(5,661)	-	-
- BBM year 2016 (Note 9c)	-	-	-	(605)	-
- LPG year 2016 (Note 9b)	-	-	-	(484)	-
- BBM year 2015 (Note 9c)	-	-	-	-	(1,574)
- LPG year 2015 (Note 9b)	-	-	-	-	(479)
Sub total	-	(410)	(7,759)	(1,089)	(2,053)
Total	**1,212,497**	**1,342,764**	**5,632,468**	**3,572,084**	**2,568,844**

Any difference in subsidy reimbursement between the amount recorded in the books and the results of BPK's and other Government body audit is adjusted in the period when the audit report is received.

30. EXPORT OF CRUDE OIL, NATURAL GAS AND OIL PRODUCTS

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Oil products	446,459	237,904	1,811,257	968,882	624,030
Crude oil	269,034	233,114	1,187,824	659,722	172,939
Natural gas	151,841	276,922	637,872	245,677	171,402
Total	**867,334**	**747,940**	**3,636,953**	**1,874,281**	**968,371**

(Expressed in thousands of United States Dollars, unless otherwise stated)

31. REVENUES FROM OTHER OPERATING ACTIVITIES

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Disparity of Selling Price (Notes 9a and 18e)	-	-	3,102,218	-	-
Upstream support services	47,204	52,626	156,869	155,442	113,780
Transport and technical services	45,071	52,031	13,359	8,994	43,024
Shipping services	35,502	26,649	127,010	124,224	186,489
Insurance services	33,571	27,002	84,585	98,870	9,055
Health and hospital services	21,843	19,763	76,607	85,383	71,427
Office and hospitality services	17,056	8,429	26,155	23,656	3,163
Natural gas transport services	17,025	49,448	204,140	151,916	167,313
Human resources provision and development services	16,435	18,280	4,825	2,026	2,850
Regasification services	12,640	2,340	31,108	19,224	9,229
Air transport services	5,549	7,383	18,756	39,137	45,188
Portfolio management services		-	4,962	9,157	23,310
Other services	17,566	61,436	55,613	22,071	15,683
Total	**269,462**	**325,387**	**3,906,207**	**740,100**	**690,511**

32. COST OF GOODS SOLD

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Beginning balance of oil products	(4,218,260)	(3,778,519)	(3,778,519)	(2,990,517)	(3,023,987)
Provision for decline in value of oil products (Note 10)	167,270	92,854	92,854	76,542	225,457
Sub-total	(4,050,990)	(3,685,665)	(3,685,665)	(2,913,975)	(2,798,530)
Production costs:					
- Direct materials	(4,118,384)	(5,034,811)	(20,349,186)	(15,368,304)	(12,946,694)
- Supporting materials	(297,191)	(252,808)	(1,151,033)	(879,291)	(619,075)
- Rent	(167,108)	(47,881)	(286,481)	(717,475)	(721,033)
- Depreciation (Note 13)	(125,827)	(136,462)	(566,412)	(551,911)	(501,823)
- Salaries, wages, and other employee benefits	(86,760)	(138,242)	(452,184)	(503,547)	(418,830)
- Freight and transportation	(32,035)	(26,064)	(124,215)	(112,534)	(27,754)
- Custom and duty	(26,997)	(32,953)	(152,255)	(138,148)	(83,934)
- Utilities, infrastructure and fuel	(21,690)	(115,853)	(484,322)	(441,655)	(373,478)
- Materials and equipment	(13,979)	(16,574)	(84,460)	(98,863)	(118,591)
- Maintenance and repairs	(9,673)	(14,882)	(115,899)	(114,228)	(97,794)
- Business travel	(6,088)	(4,529)	(17,109)	(15,569)	(13,878)
- Professional services	(2,250)	(16,105)	(124,109)	(82,225)	(87,689)
- Others	(9,184)	(15,362)	(99,311)	(71,035)	(65,277)
Sub-total	(4,917,166)	(5,852,526)	(24,006,976)	(19,094,785)	(16,075,850)
Purchases of oil products and others:					
- Imports of other oil products	(1,952,760)	(2,046,815)	(9,230,605)	(7,515,863)	(3,676,290)
- Imports of premium gasoline	(1,028,003)	(825,584)	(4,433,062)	(3,811,785)	(3,735,652)
- Domestic purchases of other oil products	(756,652)	(610,506)	(2,782,989)	(2,340,875)	(2,037,140)
- Purchases of geothermal energy	(309,295)	(320,557)	(1,313,799)	(330,505)	(322,251)
- Imports of ADO	(114,457)	(209,163)	(1,385,810)	(853,533)	(449,225)
Sub-total	(4,161,167)	(4,012,625)	(19,146,265)	(14,852,561)	(10,220,558)
Ending balance of oil products	4,222,598	4,049,925	4,218,260	3,778,519	2,990,517
Provision for decline in value of oil products (Note 10)	(106,421)	(131,127)	(167,270)	(92,854)	(76,542)
Sub-total	4,116,177	3,918,798	4,050,990	3,685,665	2,913,975
Total	**(9,013,146)**	**(9,632,018)**	**(42,787,916)**	**(33,175,656)**	**(26,180,963)**

(Expressed in thousands of United States Dollars, unless otherwise stated)

33. UPSTREAM PRODUCTION AND LIFTING COSTS

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Depreciation, depletion and amortization (Note 14)	(484,736)	(465,121)	(1,741,040)	(1,578,988)	(1,568,663)
Contracts	(203,561)	(270,369)	(734,342)	(373,194)	(353,161)
Salaries, wages and other employee benefits	(136,948)	(123,169)	(618,458)	(419,526)	(439,160)
Materials	(106,535)	(74,689)	(267,437)	(287,612)	(222,310)
Technical Assistance Contracts ("TAC")	(64,279)	(139,443)	(335,532)	(136,609)	(283,400)
Amortization of investment in oil & gas block	(25,536)	(30,875)	(144,472)	(116,441)	(114,476)
Others	(139,309)	(120,397)	(545,235)	(508,837)	(288,830)
Total	**(1,160,904)**	**(1,224,063)**	**(4,386,516)**	**(3,421,207)**	**(3,270,000)**

34. EXPLORATION COSTS

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Seismic, geological and geophysical	(14,720)	(36,967)	(89,680)	(40,000)	(37,826)
Dry hole	-	(13,509)	(112,476)	(74,744)	(43,256)
Others	(11,030)	(13,363)	(65,524)	(50,612)	(28,114)
Total	**(25,750)**	**(63,839)**	**(267,680)**	**(165,356)**	**(109,196)**

35. EXPENSES FROM OTHER OPERATING ACTIVITIES

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Cost of services	(283,299)	(214,860)	(917,123)	(561,688)	(491,304)
Salaries, wages and other employee benefits	(48,229)	(39,362)	(173,585)	(148,022)	(119,522)
Depreciation (Note 13)	(23,523)	(22,086)	(88,405)	(84,636)	(77,454)
Insurance claims	(22,380)	(23,777)	(92,864)	(68,616)	(15,212)
Total	**(377,431)**	**(300,085)**	**(1,271,977)**	**(862,962)**	**(703,492)**

36. SELLING AND MARKETING EXPENSES

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Freight and transportation	(167,083)	(69,507)	(453,664)	(519,929)	(419,518)
Depreciation (Note 13)	(78,998)	(80,223)	(328,695)	(362,241)	(313,688)
Salaries, wages, and other employee benefits	(52,932)	(70,168)	(263,020)	(222,447)	(185,476)
LPG filling fee	(34,170)	(17,476)	(113,971)	(132,647)	(98,384)
Professional services	(23,566)	(10,365)	(96,851)	(53,660)	(58,428)
Taxes, retributions and penalties	(18,814)	(9,725)	(89,179)	(46,201)	(48,714)
Maintenance and repairs	(16,818)	(8,535)	(84,776)	(66,757)	(78,172)
Rental	(13,075)	(3,900)	(26,210)	(44,981)	(20,950)
Travel	(5,777)	(4,258)	(15,331)	(12,483)	(10,636)
Advertising and promotions	(5,731)	(2,032)	(24,151)	(25,102)	(16,292)
Utilities, infrastructure and fuel	(4,331)	(4,601)	(21,092)	(8,339)	(11,359)
Materials and equipment	(4,005)	(4,372)	(33,441)	(45,992)	(24,930)
Others	(20,653)	(9,071)	(92,450)	(49,423)	(53,019)
Total	**(445,953)**	**(294,233)**	**(1,642,831)**	**(1,590,202)**	**(1,339,566)**

(Expressed in thousands of United States Dollars, unless otherwise stated)

37. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Salaries, wages and other employee benefits	(198,668)	(97,323)	(649,669)	(825,414)	(707,655)
Taxes, retributions and penalties	(99,112)	(88,763)	(295,439)	(222,737)	(195,558)
Depreciation, depletion and amortization (Notes 12, 13 and 14)	(19,374)	(15,798)	(107,538)	(109,792)	(112,136)
Materials and equipment	(17,879)	(10,637)	(36,022)	(52,663)	(49,491)
Professional services	(7,729)	(31,381)	(41,828)	(113,979)	(137,567)
Maintenance and repairs	(7,326)	(5,458)	(24,825)	(38,009)	(34,637)
Business travel	(5,864)	(4,684)	(23,252)	(26,136)	(20,719)
Training, education and recruitment	(4,282)	(6,083)	(29,828)	(22,570)	(20,271)
Rental	(2,521)	(12,985)	(31,177)	(19,906)	(54,914)
Others	(32,038)	(8,123)	(90,333)	(167,728)	(176,342)
Total	**(394,793)**	**(281,235)**	**(1,329,911)**	**(1,598,934)**	**(1,509,290)**

38. FINANCE INCOME AND COSTS

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Finance income:					
Time deposits	67,858	30,301	161,818	162,988	219,679
Due from the Government (Note 9a)	56,861	-	-	-	-
Current accounts	12,158	13,202	39,958	38,779	30,654
Other investments	8,995	4,543	54,797	25,277	32,266
Other	-	-	-	6,030	54,035
Total	**145,872**	**48,046**	**256,573**	**233,074**	**336,634**
Finance Costs:					
Bonds	(108,837)	(85,273)	(351,914)	(352,622)	(334,214)
Short-term loans	(32,614)	(2,867)	(56,499)	(8,465)	(13,900)
Long-term loans	(28,425)	(46,606)	(172,586)	(202,974)	(183,171)
Accretion expense (Note 23)	(21,507)	(21,474)	(87,035)	(51,498)	(82,270)
Finance leases	(8,047)	(10,309)	(30,309)	(58,323)	(22,162)
Others	(42,029)	(37,831)	(136,895)	(143,829)	(134,801)
Total	**(241,459)**	**(204,360)**	**(835,238)**	**(817,711)**	**(770,518)**

(Expressed in thousands of United States Dollars, unless otherwise stated)

39. OTHER INCOME (EXPENSES)

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Income from contract and material penalties and claims	11,513	63,293	91,101	41,058	91,775
Adjustment of fair value of other investment (Note 11)	4,918	44,632	52,843	(15,862)	27,328
Rental	3,007	8,304	35,325	34,167	13,730
Recovery (provision) for impairment of receivables	2,350	30,441	108,757	(49,826)	(40,129)
Increase (decrease) in value of investment in oil and gas blocks (Note 12a)	(76,354)	34,691	(154,773)	(83,270)	114,290
Provision for impairment of oil and gas assets (Note 14)	(46,504)	4,971	(218,189)	(191,353)	(186,616)
Interest tax income restitution	-	-	-	99,577	-
Tax penalties under payment tax assesment letter (“SKPKB”) and tax billed (“STP”) (Note 40a)	-	-	(36,622)	-	-
Provision for impairment of goodwill (Note 15d)	-	-	-	(6,890)	(136,264)
Provision for tax dispute (Note 40g)	-	-	-	(621,148)	(733,074)
Tax refund	-	-	-	121,676	
Impairment of advance payment	-	-	-	-	(34,386)
Reversal (impairment) of fixed assets (Note 13)	-	-	2,719	(7,364)	(7,151)
Final income tax asset revaluation (Note 40h)	-	-	-	(129,610)	-
Written off of oil and gas properties	-	-	-	(68,546)	-
Joint operation (“JO”) operation	-	-	-	-	17,642
Others - net (each below US$5,000)	2,400	(6,405)	38,014	46,809	(5,009)
Total	**(98,670)**	**179,927**	**(80,825)**	**(830,582)**	**(877,864)**

40. TAXATION

a. Prepaid taxes

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Corporate Income Tax (“CIT”)				
The Company:				
Overpayment of corporate income tax:				
- 2019	103,219	-	-	-
- 2017	14,520	14,520	164,266	-
- 2015	-	-	-	329,143
- 2014	-	-	-	458,370
- 2013	-	-	-	122,365
- 2012	-	-	-	9,713
- 2011	-	-	-	5,066
- 2005	-	-	-	82,014
Sub-total	117,739	14,520	164,266	1,006,671
Subsidiaries:				
Corporate income tax and dividend	490,161	458,483	330,676	371,965
Sub-total CIT - Consolidated	**607,900**	**473,003**	**494,942**	**1,378,636**

(Expressed in thousands of United States Dollars, unless otherwise stated)

40. TAXATION (continued)

a. Prepaid taxes (continued)

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Value Added Tax ("VAT")				
The Company:				
- 2018	76,615	386,989	-	-
- 2017	-	-	418,255	-
- 2016	84,290	84,290	-	-
- 2012	-	-	-	82,353
- 2009	-	-	-	18,750
- 2007	-	-	-	124,624
Sub-total	160,905	471,279	418,255	225,727
Subsidiaries:				
VAT reimbursable	282,161	290,872	313,468	404,523
VAT	304,088	386,737	396,890	214,618
Sub-total	586,249	677,609	710,358	619,141
Sub-total VAT - Consolidated	**747,154**	**1,148,888**	**1,128,613**	**844,868**
Other taxes	**18,994**	**18,994**	**-**	**127,080**
Total prepaid tax	**1,374,048**	**1,640,885**	**1,623,555**	**2,350,584**
Provision	-	-	-	(313,196)
Total	**1,374,048**	**1,640,885**	**1,623,555**	**2,037,388**
Current portion	(499,661)	(820,598)	(794,255)	(567,621)
Non-current portion	**874,387**	**820,287**	**829,300**	**1,469,767**

Details of VAT reimbursable are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
VAT reimbursable by SKK Migas:				
- PT Pertamina EP	78,704	84,264	73,348	130,604
- PGN and its subsdiaries	62,849	69,014	75,356	92,585
- PT Pertamina EP Cepu	30,735	31,194	43,160	55,253
- PHE and its subsdiaries	3,436	3,643	26,638	40,817
Sub-total	175,724	188,115	218,502	319,259
VAT reimbursable by the Directorate General of Budgeting and Finance Stability:				
PT Pertamina Geothermal Energy	106,437	102,757	94,966	85,264
Total	**282,161**	**290,872**	**313,468**	**404,523**

On December 27, 2018, the Company received SKPKB and STP for fiscal year 2016 amounting to Rp3.23 trillion (equivalent to US$222,250). The SKPKB consists of SKPKB of Corporate Income Tax amounting to Rp565.95 billion (equivalent to US$39,031), SKPKB of withholding income tax amounting to Rp1.38 trillion (equivalent to US$94,851) and SKPKB of VAT amounting to Rp295 billion (equivalent to US$20,260). STP consists of tax bills on VAT and penalties amounting to Rp590.93 billion (equivalent to US$40,578) and Rp400.93 billion (equivalent to US$27,530) (Note 50c), respectively.

From the overall value of the SKPKB and STP, the Company charged Rp533.32 billion (equivalent to US$36,622) in the 2018 income statement (Note 39), Rp1.5 trillion (equivalent to US$103,283) was recorded as prepaid tax, and Rp565.95 billion (equivalent to US$39,030) was recorded as prior year adjustment of corporate income tax, while the remaining value of amounting to Rp630.78 billion (equivalent to US$43,315) has not been paid.

On January 25, 2019, the Company has filed an objection for the SKPKB PPh 22, PPh 23, PPh 4 (2), PPh 15, SKPKB and STP of VAT.

(Expressed in thousands of United States Dollars, unless otherwise stated)

40. TAXATION (continued)

a. Prepaid taxes (continued)

On March 21, 2019, the Company obtained from Directorate General of Taxes ("DGT") decisions No. KEP-00244/NKEB/WPJ.19/2019 until KEP-00255/NKEB/WPJ.19/2019 regarding the write-off STP VAT for fiscal year 2016 amounted Rp590.93 billion (equivalent to US$40,578). As of March 31, 2019, the amount was still recorded as prepaid tax due to the Company plan to net off with next period tax payment.

On November 7, 2018, the Company received a letter of tax refund for overpayment of CIT fiscal year 2017 from DGT of Big Three Taxpayers office No.80367/051-00367-2018 for tax refund amounting to Rp2.26 trillion by calculating taxes payable compensation amounting to Rp159 million, so it was paid amounting to Rp2.26 trillion (equivalent to US$154,758).

On February 9, 2018, the Company obtained decision No. Kep-29/WPJ.19/2018 from DGT regarding the Determination of Certain Taxpayers with Specific Criteria, effective from January 1, 2018 to December 31, 2019. Taxpayers that fulfilled all criterias can be granted any tax refund if they had previously overpaid taxes.

On March 21, 2017, the Tax Court partially accepted the Company's tax appeals on SKPKB of VAT for period December 2007. The Company received tax refund for the overpayment of VAT amounting to Rp1,621 million (equivalent to US$121,576) on August 3, 2017.

The increase in VAT payments in 2017 was mainly due to advance payment of VAT for LPG and diesel subsidies, and withholding tax.

On March 3, 2017, the Company received tax refund overpayment letters for overpayment of CIT fiscal years 2014 and 2013 amounting to Rp3,884 million (equivalent to US$296,363) and Rp23 million (equivalent to US$1,754), respectively.

On December 31, 2015, through letter No.860/H00000/2015-S4, the Company submitted a request for revaluation of fixed assets for tax purposes submitted in 2015 to the Regional Office of DGT Large Taxpayers and has paid the final income tax amounting to Rp1.3 trillion (equivalent to US$95,182).

On December 7, 2016, through letter No. 751/H00000/2016-S4, the Company notified DGT that the submission for the tax requirements regarding revaluation will be deferred to 2017. As a consequence, the Company made additional final income tax payment in December 2016 on the revaluation amounting to Rp429,771,563,671 (full amount) (equivalent to US$31,899).

The payment of final income tax amounting to Rp1.3 trillion (equivalent to US$95,182) and the additional payment of final income tax on revaluation amounting to Rp429,771,563,671 (full amount) (equivalent to US$31,899) are presented under prepaid taxes - current portion in the 2016 consolidated statement of financial position.

b. Taxes payable

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Corporate income tax - Company	19,267	19,684	-	214,988
Corporate income tax - Subsidiaries	502,151	447,921	308,803	260,588
Sub-total	521,418	467,605	308,803	475,576
Other taxes:				
- Income taxes - Article 21	51,244	33,909	39,763	41,982
- Income taxes - Article 22	13,789	10,580	6,341	7,907
- Income taxes - Article 23/26	13,055	13,189	11,363	30,196
- Income taxes - Article 15/4(2)	7,087	6,271	7,101	5,477
- Income taxes - Article 24	5	269	1	5
- VAT	98,853	74,542	68,617	58,001
- Fuel taxes	115,770	119,645	117,347	107,985
Sub-total	299,803	258,405	250,533	251,553
Total	**821,221**	**726,010**	**559,336**	**727,129**

(Expressed in thousands of United States Dollars, unless otherwise stated)

40. TAXATION (continued)

c. Income tax expense - net

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Current tax expense	(542,220)	(547,791)	(2,627,443)	(1,699,088)	(2,046,133)
Deferred income tax benefit (expense)	(78,056)	(181,842)	(385,759)	532,264	168,484
Net	**(620,276)**	**(729,633)**	**(3,013,202)**	**(1,166,824)**	**(1,877,649)**

d. Current taxes

Current income tax computation is based on estimated taxable income/(loss). The amounts may be adjusted when annual tax returns are filed with the DGT.

The reconciliation between the consolidated profit before income tax and estimated taxable income is as follows:

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Consolidated profit before income tax expense	1,193,633	1,417,400	5,729,596	3,867,228	5,348,883
Add:					
Consolidation eliminations	865,520	804,462	3,610,474	2,247,936	1,950,464
Profit before income tax - Subsidiaries	(1,464,479)	(1,617,504)	(6,610,027)	(3,821,301)	(3,021,213)
Profit before income tax - the Company	594,674	604,358	2,730,043	2,293,863	4,278,134
Temporary differences:					
Provision for incentives and performance bonuses (tantiem)	(95,221)	(118,319)	(6,894)	19,920	82,587
Provision for impairment of financial assets	(2,348)	(48,600)	(139,273)	20,305	59,249
Finance lease assets and liabilities	(1,370)	(2,050)	(7,368)	48,659	11,318
Discount and unamortized debt issuance cost	(22)	1,081	(55)	8,095	6,929
Provision for impairment of non-free and non-clear assets	-	-	-	-	2,589
Accrual for legal costs	227	(220)	14,918	8,087	2,044
Provision for impairment of inventories	(92,544)	35,430	137,248	32,404	(181,202)
Fixed assets depreciation	(8,150)	(58,403)	(112,976)	(2,756)	(44,036)
Receivable fair value adjustment from differences in pricing (Note 2u and 9a)	(105,084)	-	981,331	-	-
Employee benefits liability	15,887	(87,947)	(181,421)	(121,652)	(18,346)
Fixed asset revaluation	-	-	(14,221)	-	-
Others	(6,002)	(87)	7,624	(346)	(346)

(Expressed in thousands of United States Dollars, unless otherwise stated)

40. TAXATION (continued)

d. Current taxes (continued)

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Permanent differences:					
Non-deductible expenses	88,032	514,034	342,456	1,093,884	1,273,304
Post-retirement healthcare benefits	25,891	(34,663)	648	46,334	71,192
Non-depreciable fixed assets	1,294	(99)	5,372	5,201	1,604
Income from subsidiaries and associates	(677,544)	(775,544)	(3,341,620)	(1,997,866)	(1,557,363)
Interest income subjected to final tax	(73,811)	(27,443)	(149,244)	(148,704)	(213,821)
Other income subjected to final tax	(1,823)	(466,804)	1,055,818	(147,399)	(12,565)
Total temporary and permanent differences	(932,588)	(1,069,634)	(1,407,657)	(1,135,834)	(516,863)
Taxable income (loss) - the Company	**(337,914)**	**(465,276)**	**1,322,386**	**1,158,029**	**3,761,271**
Current income tax - the Company	-	-	330,597	289,507	940,318
Under provision of 2005 corporate income tax - the Company	-	-	42,403	-	-
Current income tax - Subsidiaries	542,220	547,791	2,254,443	1,409,581	1,105,815
Consolidated current income tax	**542,220**	**547,791**	**2,627,443**	**1,699,088**	**2,046,133**

The reconciliation between the Group's income tax expense and the theoretical tax amount on the Group's consolidated profit before income tax is as follows:

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Profit before income tax - Consolidated	1,193,633	1,417,400	5,729,596	3,867,228	5,348,883
Tax calculated at weighted average statutory tax rates	839,304	598,536	2,301,890	1,828,634	2,034,422
Non-deductible expenses	85,867	420,319	375,007	492,336	428,749
Post-retirement healthcare benefits	6,473	(8,666)	162	11,583	17,798
Non-depreciable fixed assets	329	(18)	1,368	(8,856)	429
Income from subsidiaries and associates	(205,251)	(205,638)	(868,954)	(553,989)	(430,719)
Income subjected to final tax	(169,853)	(185,072)	1,198,784	(35,280)	(129,449)
Interest income subjected to final tax	(21,072)	(6,147)	(37,458)	(34,943)	(43,581)
Fixed assets revaluation	-	-	-	(532,661)	-
Prior year adjustments	-	-	42,403	-	-
Unrecognized tax loss	84,479	116,319	-	-	-
Consolidated corporate income tax expense	**620,276**	**729,633**	**3,013,202**	**1,166,824**	**1,877,649**

The theoretical amount of income tax expense is calculated using the weighted average tax rate applicable to entities consolidated to the Group. The weighted average tax rate was 52%,51%,53%,30% and 35% for the three-month periods ended March 31, 2019 and 2018, and the years ended December 31, 2018, 2017, and 2016, respectively.

(Expressed in thousands of United States Dollars, unless otherwise stated)

40. TAXATION (continued)

e. Deferred tax

	March 31, 2019 (unaudited)						
	January 1, 2019	Additions from business combinations	Charged to equity	Translation adjustment	Charged to OCI	Charged to profit or loss	March 31, 2019
Deferred tax assets							
Employee benefits	247,522	-	11	(3,549)	(61)	14,017	257,940
Provision for impairment of financial assets	79,477	-	-	65	-	(595)	78,947
Provision for decommissioning and site restoration	122,236	-	6	(98,265)	-	10,869	34,846
Provision for incentives and performance bonuses (tantiem)	62,096	-	-	17	-	(21,231)	40,882
Unrealized profits from transaction at consolidation level	75,694	-	-	-	-	24,237	99,931
Fixed assets	586,578	-	-	40,997	-	(11,882)	615,693
Provision for impairment of inventories	70,367	-	-	9	-	(23,556)	46,820
Provision for impairment of non-free and non-clear assets	27,589	-	-	-	-	(1)	27,588
Tax losses carry-forward	2,071	-	(433)	(1,127)	-	5,038	5,549
Deferred revenues	276	-	-	-	-	1,260	1,536
Accrual for legal cost	7,369	-	-	-	-	57	7,426
Oil and gas properties	(72,763)	-	-	-	-	72,788	25
Finance lease assets and liabilities	(12,996)	-	-	1	-	(95)	(13,090)
Discount and unamortized debt issuance cost	(5,951)	-	-	-	-	(6)	(5,957)
Receivable fair value adjustment from Disparity of Selling Price (Notes 2u and 9a)	245,333	-	-	-	-	(26,271)	219,062
Others	6,968	-	181	(6,074)	-	10,480	11,555
Sub-total consolidated deferred tax assets - net	**1,441,866**	**-**	**(235)**	**(67,926)**	**(61)**	**55,109**	**1,428,753**
Deferred tax liabilities							
Provision for decommissioning and site restoration	365,066	-	-	-	-	(63,055)	302,011
Finance lease assets	29,905	-	-	-	-	7,775	37,680
Deferred revenues	8,068	-	-	-	-	(3,244)	4,824
Employee benefits	16,657	-	-	-	-	(2,855)	13,802
Provision for impairment	2,008	-	-	-	-	(43)	1,965
Oil and gas properties	(3,070,616)	-	-	86,106	-	(27,632)	(3,012,142)
Excess of fair value over net book value	(12,598)	-	-	-	-	1,583	(11,015)
Fixed assets	(201,891)	-	-	(57)	-	(21,188)	(223,136)
Unrealized profits from transaction at consolidation level	(342,856)	-	-	-	-	8,204	(334,652)
Others	(101,149)	-	-	(328)	-	(32,710)	(134,187)
Sub-total consolidated deferred tax liabilities - net	**(3,307,406)**	**-**	**-**	**85,721**	**-**	**(133,165)**	**(3,354,850)**
Total	**(1,865,540)**	**-**	**(235)**	**17,795**	**(61)**	**(78,056)**	**(1,926,097)**

(Expressed in thousands of United States Dollars, unless otherwise stated)

40. TAXATION (continued)

e. Deferred tax (continued)

	December 31, 2018						
	January 1, 2018	**Additions from business combinations**	**Charged to equity**	**Translation adjustment**	**Charged to OCI**	**Charged to profit or loss**	**December 31, 2018**
Deferred tax assets							
Employee benefits	314,471	-	516	5,143	(1,302)	(71,306)	247,522
Provision for impairment of financial assets	121,406	-	-	(367)	-	(41,562)	79,477
Provision for decommissioning and site restoration	136,394	-	591	-	-	(14,749)	122,236
Provision for incentives and performance bonuses (tantiem)	83,513	-	-	(43)	-	(21,374)	62,096
Unrealized profits from transaction at consolidation level	64,825	-	-	-	-	10,869	75,694
Fixed assets	518,336	-	-	(3,486)	133	71,595	586,578
Provision for impairment of inventories	37,156	-	-	(46)	-	33,257	70,367
Provision for impairment of non-free and non-clear assets	27,588	-	-	1	-	-	27,589
Tax losses carry-forward	13,764	-	1,567	(27)	-	(13,233)	2,071
Deferred revenues	7,590	-	-	-	-	(7,314)	276
Accrual for legal cost	3,640	-	-	-	-	3,729	7,369
Oil and gas properties	(5,002)	-	(3,382)	-	-	(64,379)	(72,763)
Finance lease assets and liabilities	(11,205)	-	-	2	-	(1,793)	(12,996)
Discount and unamortized debt issuance cost	(5,937)	-	-	-	-	(14)	(5,951)
Receivable fair value adjustment from Disparity of Selling Price (Notes 2u and 9a)	-	-	-	-	-	245,333	245,333
Others	64,541	-	(2,439)	(298)	-	(54,836)	6,968
Sub-total consolidated deferred tax assets - net	**1,371,080**	**-**	**(3,147)**	**879**	**(1,169)**	**74,223**	**1,441,866**
Deferred tax liabilities							
Provision for decommissioning and site restoration	371,738	-	-	-	-	(6,672)	365,066
Finance lease assets	29,013	-	-	-	-	892	29,905
Deferred revenues	10,750	-	-	-	-	(2,682)	8,068
Employee benefits	8,549	-	-	-	(395)	8,503	16,657
Provision for impairment	1,081	-	-	-	-	927	2,008
Oil and gas properties	(2,801,228)	-	-	-	-	(269,388)	(3,070,616)
Excess of fair value over net book value	(14,114)	-	-	-	-	1,516	(12,598)
Fixed assets	(351,100)	-	-	174	-	149,035	(201,891)
Unrealized profits from transaction at consolidation level	(377,158)	-	-	-	-	34,302	(342,856)
Others	274,317	-	-	949	-	(376,415)	(101,149)
Sub-total consolidated deferred tax liabilities - net	**(2,848,152)**	**-**	**-**	**1,123**	**(395)**	**(459,982)**	**(3,307,406)**
Total	**(1,477,072)**	**-**	**(3,147)**	**2,002**	**(1,564)**	**(385,759)**	**(1,865,540)**

(Expressed in thousands of United States Dollars, unless otherwise stated)

40. TAXATION (continued)

e. Deferred tax (continued)

	December 31, 2017						
	January 1, 2017	Additions from business combinations	Charged to equity	Translation adjustment	Charged to OCI	Charged to profit or loss	December 31, 2017
Deferred tax assets							
Employee benefits	302,651	-	321	3,365	40,486	(32,352)	314,471
Provision for impairment of financial assets	114,611	-	864	(98)	-	6,029	121,406
Provision for decommissioning and site restoration	123,449	-	-	-	-	12,945	136,394
Provision for incentives and performance bonuses (tantiem)	72,084	-	-	102	-	11,327	83,513
Unrealized profits from transaction at consolidation level	48,756	-	-	-	-	16,069	64,825
Fixed assets	(24,717)	-	2,612	(17)	-	540,458	518,336
Provision for impairment of inventories	29,194	-	-	(8)	-	7,970	37,156
Provision for impairment of non-free and non-clear assets	27,588	-	-	-	-	-	27,588
Tax losses carry-forward	41,240	-	-	-	-	(27,476)	13,764
Deferred revenues	12,100	-	-	140	-	(4,650)	7,590
Accrual for legal cost	1,618	-	-	-	-	2,022	3,640
Oil and gas properties	(37,375)	-	-	-	-	32,373	(5,002)
Finance lease assets and liabilities	(23,333)	-	-	(1)	-	12,129	(11,205)
Discount and unamortized debt issuance cost	(7,962)	-	-	-	-	2,025	(5,937)
Others	71,559	-	666	(36)	-	(7,648)	64,541
Sub-total consolidated deferred tax assets - net	**751,463**	**-**	**4,463**	**3,447**	**40,486**	**571,221**	**1,371,080**
Deferred tax liabilities							
Provision for decommissioning and site restoration	367,350	(1,058)	-	-	-	5,446	371,738
Finance lease assets	30,670	-	-	-	-	(1,657)	29,013
Deferred revenues	22,404	-	-	-	-	(11,654)	10,750
Employee benefits	7,353	-	-	-	180	1,016	8,549
Provision for impairment	1,085	696	-	-	-	(700)	1,081
Oil and gas properties	(2,437,710)	(276,196)	-	-	-	(87.322)	(2,801,228)
Excess of fair value over net book value	(30,845)	2,352	-	-	-	14,379	(14,114)
Fixed assets	(242,785)	(8,362)	-	575	-	(100,528)	(351,100)
Unrealized profits from transaction at consolidation level	(410,531)	-	-	-	-	33,373	(377,158)
Others	164,492	48	-	1,087	-	108,690	274,317
Sub-total consolidated deferred tax liabilities - net	**(2,528,517)**	**(282,520)**	**-**	**1,662**	**180**	**(38,957)**	**(2,848,152)**
Total	**(1,777,054)**	**(282,520)**	**4,463**	**5,109**	**40,666**	**532,264**	**(1,477,072)**

(Expressed in thousands of United States Dollars, unless otherwise stated)

40. TAXATION (continued)

e. Deferred tax (continued)

	December 31, 2016						
	January 1, 2016	Additions from business combinations	Charged to equity	Translation adjustment	Charged to OCI	Charged to profit or loss	December 31, 2016
Deferred tax assets							
Employee benefits	289,390	-	(4,208)	2,331	16,029	(891)	302,651
Provision for impairment of financial assets	99,317	-	(115)	97	-	15,312	114,611
Provision for decommissioning and site restoration	74,989	-	-	-	-	48,460	123,449
Provision for incentives and performance bonuses (tantiem)	51,630	-	-	(1,680)	-	22,134	72,084
Unrealized profits from transaction at consolidation level	37,732	-	-	-	-	11,024	48,756
Fixed assets	883	-	(1,124)	52	-	(24,528)	(24,717)
Provision for impairment of inventories	72,099	-	-	17	-	(42,922)	29,194
Provision for impairment of non-free and non-clear assets	26,941	-	-	-	-	647	27,588
Tax losses carry-forward	43,114	-	-	-	-	(1,874)	41,240
Deferred revenues	11,456	-	(1,033)	-	-	1,677	12,100
Accrual for legal cost	1,107	-	-	-	-	511	1,618
Oil and gas properties	(39,211)	-	-	-	-	1,836	(37,375)
Finance lease assets and liabilities	(26,204)	-	-	-	-	2,871	(23,333)
Discount and unamortized debt issuance cost	(9,717)	-	-	-	-	1,755	(7,962)
Others	72,066	-	543	51	-	(1,101)	71,559
Sub-total consolidated deferred tax assets - net	**705,592**	**-**	**(5,937)**	**868**	**16,029**	**34,911**	**751,463**
Deferred tax liabilities							
Provision for decommissioning and site restoration	349,814	-	-	-	-	17,536	367,350
Finance lease assets	27,751	-	-	-	-	2,919	30,670
Deferred revenues	29,449	-	-	-	-	(7,045)	22,404
Employee benefits	10,724	-	-	-	(839)	(2,532)	7,353
Provision for impairment	5,888	-	-	-	-	(4,803)	1,085
Oil and gas properties	(2,544,971)	-	-	-	-	107,261	(2,437,710)
Excess of fair value over net book value	(33,130)	-	-	-	-	2,285	(30,845)
Fixed assets	(226,707)	-	-	-	-	(16,078)	(242,785)
Unrealized profits from transaction at consolidation level	(429,915)	-	-	-	-	19,384	(410,531)
Others	162,407	(10,396)	-	(2,165)	-	14,646	164,492
Sub-total consolidated deferred tax liabilities - net	**(2,648,690)**	**(10,396)**	**-**	**(2,165)**	**(839)**	**133,573**	**(2,528,517)**
Total	**(1,943,098)**	**(10,396)**	**(5,937)**	**(1,297)**	**15,190**	**168,484**	**(1,777,054)**

Deferred tax assets and liabilities as of March 31, 2019, and December 31, 2018, 2017, and 2016 have been calculated taking into account the applicable tax rates for each respective period.

The Group's management is of the opinion that the above deferred tax assets can be fully recovered through future taxable income.

(Expressed in thousands of United States Dollars, unless otherwise stated)

40. TAXATION (continued)

f. Administration

The Indonesian prevailing Tax Law requires each Company in the Group to submit individual tax returns on the basis of self assessment. Under the prevailing regulations, DGT may assess or amend tax within certain periods. For the fiscal year of 2007 and backward, this amendment period is within ten years from the time the tax due, but not later than 2013, while for the fiscal year of 2008 and onwards, the period is within five years from the time the tax due.

g. Tax amnesty

The Company participated in Tax Amnesty Program on March 31, 2017 and received the certificate of Tax Amnesty No. KET-369/PP/WPJ.19/2017 on April 6, 2017. As a result the Company withdrew, by law, all processes of Objections, Appeals, and Judicial reviews for the fiscal year until 2015.

The results of the tax amnesty program are as follows:
a. The Company's remaining amount of 2014 fiscal loss amounting to US$75,362 will not be compensated.
b. Tax dispute which was previously recognized in prepaid tax - non-current portion amounting to US$621,148 (net of provision which has been recorded) (Note 39), were expensed.

PT Pertamina Lubricants participated in Tax Amnesty Program on March 31, 2017 and received the certificate of Tax Amnesty on April 5, 2017. As a result, PT Pertamina Lubricants withdrew, by law, all processes of Objections, Appeals, and Judicial reviews for the fiscal year until 2015.

As consequences of the tax amnesty program discussed above, PT Pertamina Lubricants has written-off its input VAT amounting to Rp210,301 millions (equivalent to US$15,418).

h. Fixed asset revaluation fo tax purposes

The Company submitted a request to revalue certain refineries assets for tax purposes on December 28, 2016.

On July 10, 2017 the Company received approval for the revaluation of refineries as refered to the decision of the Director General of Taxes No. KEP-104/WPJ.19/2017. The consequences of the approval are as follows:
a. Prepaid tax of final income tax amounting to US$129,610 was recognized as expense (Note 39).
b. Recognized deferred tax assets amounting to US$532,660.

41. RELATED PARTY BALANCES AND TRANSACTIONS

Significant related party accounts are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Cash and cash equivalents (Note 6)	7,609,211	8,416,251	6,065,489	6,465,644
Restricted cash (Note 7)	86,100	86,230	88,896	114,855
Trade receivables - related parties (Note 41a)	1,537,251	1,297,651	1,095,016	1,422,268
Due from the Government (Note 9)	5,566,906	4,758,409	2,155,739	1,792,457
Other receivables - related parites (Note 41b)	165,179	149,178	255,054	242,839
Restricted cash - non-current (Note 15a)	908,502	876,168	834,874	635,747
Advance dividend payment (Note 27b)	-	-	-	37,120
Total dividend	**15,873,149**	**15,583,887**	**10,495,068**	**10,710,930**
As a percentage of total assets	**24%**	**24%**	**18%**	**20%**
Short-term loans (Note 16)	2,249,537	3,164,724	355,518	47,509
Trade payables - related parties (Note 41c)	53,561	78,781	49,277	118,540
Due to the Government (Note 18)	2,516,044	2,002,825	1,831,245	1,685,118
Long-term liabilities (Note 20)	178,540	179,361	174,638	211,074
Other payables - related parties (Note 41d)	38,772	54,011	56,625	50,947
Total	**5,036,454**	**5,479,702**	**2,467,303**	**2,113,188**
As a percentage of total liabilities	**14%**	**16%**	**8%**	**7%**

(Expressed in thousands of United States Dollars, unless otherwise stated)

41. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

a. Trade receivables

Trade receivables - related parties result from domestic sales of crude oil, natural gas and geothermal energy and the export of oil products.

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Trade receivables - related parties	1,570,406	1,330,381	1,141,863	1,528,092
Provision for impairment	(33,155)	(32,730)	(46,847)	(105,824)
Net	**1,537,251**	**1,297,651**	**1,095,016**	**1,422,268**

Trade receivables based on customers are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Indonesian Armed Forces (“TNI”)/ Ministry of Defence (Note 48b.ii)	433,760	318,142	258,566	644,950
PT Garuda Indonesia (Persero) Tbk	386,005	226,166	106,801	93,939
PLN and its subsidiaries	366,900	381,559	385,419	493,043
PT Patra SK	42,985	40,013	40,117	35,754
PT Pupuk Indonesia (Persero)	23,022	25,412	43,667	33,105
Polisi Republik Indonesia (“Polri”)	12,715	508	-	253
PT Merpati Nusantara Airlines (Persero)	11,681	11,499	12,254	12,352
PT Aneka Tambang	7,374	14,226	-	-
PT Pembangkit Jawa-Bali	398	17,484	1,069	5,302
PPT Energy Trading Co.,Ltd.	22	22	47,275	-
PT Donggi – Senoro LNG	-	28,828	14,789	12,031
Others	285,544	266,522	231,906	197,363
	1,570,406	1,330,381	1,141,863	1,528,092
Provision for impairment	(33,155)	(32,730)	(46,847)	(105,824)
Total	**1,537,251**	**1,297,651**	**1,095,016**	**1,422,268**

Movements in the provision for impairment of trade receivables from related parties are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Beginning balance	(32,730)	(46,847)	(105,824)	(47,550)
Reversal of provision for impairment for recovered receivables - net	47	18,734	92,757	14,006
Impairment during the period/year	(89)	(7,606)	(32,854)	(73,604)
Foreign exchange	(383)	2,989	(926)	1,324
Ending balance	**(33,155)**	**(32,730)**	**(46,847)**	**(105,824)**

Management believes that the provision for impairment is adequate to cover possible losses that may arise from the uncollectible trade receivables from related parties.

Details of trade receivables by currencies are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Rupiah	1,079,530	870,672	610,347	1,080,200
US dollar	490,463	459,641	531,449	447,828
Others	413	68	67	64
Total	**1,570,406**	**1,330,381**	**1,141,863**	**1,528,092**

(Expressed in thousands of United States Dollars, unless otherwise stated)

41. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

a. Trade receivables (continued)

Receivable from fuel and lubricant distribution to the Indonesian Armed Forces/Ministry of Defence

The fuel and lubricant distribution to the Indonesian Armed Forces/Ministry of Defence is based on the planned needs of the Indonesian Armed Forces/Ministry of Defence and is capped by the State Budget for Fuels and Lubricants ("BMP") as one of the expenditure items of the Indonesian Armed Forces/Ministry of Defence, the details are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Beginning balance	318,142	258,566	644,950	487,515
Distribution of fuel and lubricant	110,331	479,959	383,307	344,097
Collections from BMP distribution	-	(403,723)	(764,355)	(199,693)
Foreign exchange	5,287	(16,660)	(5,336)	13,031
Net	**433,760**	**318,142**	**258,566**	**644,950**

At March 31, 2019, and December 31, 2018, 2017, and 2016, management has recognized impairment in the amount of US$13,208, and US$12,992, US$10,409 and US$85,136, respectively.

Receivable from fuel distribution to PLN/Perusahaan Listrik Negara

The Company distributes diesel fuel and industrial fuel oil to PLN for their power plant in all regions across Indonesia. In 2017, the Company has made collections from PLN based on the price agreed by the Boards of Directors of the Company and PLN on May 22, 2018.

Should there be difference between the provisional and the final agreed formulation prices, the adjustment will be recorded in the period when the final formulation prices agreement is completed.

b. Other receivables

Other receivables by customers are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
PT Donggi-Senoro LNG	117,083	115,500	109,458	105,286
PT Jawa Satu Power	-	-	96,000	-
PT Perta Daya Gas	-	-	34,152	-
PT Merpati Nusantara Airlines (Persero)	18,481	18,190	19,472	19,550
Others (each below US$10,000)	93,431	100,011	97,181	225,218
Sub-total	228,995	233,701	356,263	350,054
Provision for impairment	(19,918)	(19,616)	(20,860)	(20,983)
Sub-total	209,077	214,085	335,403	329,071
Less: current portion	**(165,179)**	**(149,178)**	**(255,054)**	**(242,839)**
Non-current portion (Note 15)	**43,898**	**64,907**	**80,349**	**86,232**

Movements in the provision for impairment of other receivables from related parties are as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Beginning balance	(19,616)	(20,860)	(20,983)	(20,491)
Reversal of impairment on the recovered receivables	-	699	127	1
Impairment during the period/year	-	(705)	(162)	(1)
Foreign exchange difference	(302)	1,250	158	(492)
Ending balance	**(19,918)**	**(19,616)**	**(20,860)**	**(20,983)**

(Expressed in thousands of United States Dollars, unless otherwise stated)

41. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

b. Other receivables (continued)

Management believes that the provision for impairment is adequate to cover possible losses that may arise from the uncollectible other receivables from related parties.

Receivables from PT Donggi-Senoro LNG

The receivables from PT Donggi-Senoro LNG as of March 31, 2019 and December 31, 2018, 2017, and 2016 amounted to US$117,083 and US$115,500, US$109,458 and US$105,286 are intended for the construction of a LNG production facility with a capacity of 2 million tonnes per year. PT Donggi Senoro LNG is owned by PHE (29%), Sulawesi LNG Development Limited (59.9%) and PT Medco LNG Indonesia (11.1%). This project, which was planned to be finalised in 4 years, is funded by 40% from equity and 60% from loan.

The interest rate on the loan is one month US Dollar LIBOR plus 3.75% per annum and interest is due every three months after the loan drawdowns. In 2018 and 2017, accrued interest was added to the loan since the LNG production facility is still under construction. Interest income for the three-month periods ended March 31, 2019, and for the years ended December 31, 2018, 2017, and 2016 are US$1,862, and US$7,110, US$4,908 and US$4,050 respectively.

PT Merpati Nusantara Airlines (Persero) ("MNA")

On October 27, 2009, MNA requested to restructure its payable. An agreement was made on October 17, 2011 through a meeting at the Ministry of State-Owned Enterprises. As of March 31, 2019, and December 31, 2018, 2017, and 2016, the provision for impairment for this receivable amounted to US$18,481, and US$18,190, US$19,472 and US$19,550 respectively.

c. Trade payables

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
PT Seamless Pipe Indonesia Jaya	2,674	739	-	-
PT Asuransi Jasa Indonesia (Persero)	1,575	6,279	-	-
PT Rekayasa Industri	8	8	200	36,873
PT Wijaya Karya (Persero) Tbk	-	-	-	16,927
Others	49,304	71,755	49,077	64,740
Total	**53,561**	**78,781**	**49,277**	**118,540**

d. Other payables

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
PT PLN (Persero)	292	6,044	31,452	17,144
Others	38,480	47,967	25,173	33,803
Total	**38,772**	**54,011**	**56,625**	**50,947**

(Expressed in thousands of United States Dollars, unless otherwise stated)

41. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

e. Sales and other operating revenues

The Group made sales and other operating revenues to related parties for the three-month periods ended March 31, 2019 and 2018, and for the years ended December 31, 2018, 2017, and 2016. Sales to related parties represent 18%, 21% and 24%, 18%, 16% of the total sales and other operating revenues for the respective periods/years. The details are as follows:

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Domestic sales of crude oil, natural gas, geothermal energy and oil products					
- Government-related entities	944,154	1,082,534	4,872,641	3,961,054	3,505,441
- Shareholder	130,989	138,942	3,553,097	401,299	367,301
- Associates	273	404	1,222	735	5,021
Subsidy reimbursements from the Government					
- Shareholder	1,212,497	1,342,764	5,632,468	3,572,084	2,568,844
Marketing fees					
- Shareholder	2,901	1,782	15,432	25,474	(257,485)
Revenues from other operating activities					
- Government-related entities	18,192	34,077	108,514	128,870	93,319
Total	**2,309,006**	**2,600,503**	**14,183,374**	**8,089,516**	**6,282,441**

f. Cost of goods sold

Purchases from related parties for the three-month periods ended March 31, 2019 and 2018, and for the years ended December 31, 2018, 2017, and 2016 represent 23%, 24%, 25%, 22% and 19% of the total cost of goods sold, for the respective periods/years. The details are as follows:

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Crude oil and gas for shareholder	2,075,882	2,156,959	10,002,633	6,879,687	4,726,374
Oil products:					
Associates	-	77,713	332,752	82,140	180,276
Joint ventures	34,840	40,239	158,260	174,842	132,717
Government-related entities	-	-	-	-	1,238
Total	**2,110,722**	**2,274,911**	**10,493,645**	**7,136,669**	**5,040,605**

(Expressed in thousands of United States Dollars, unless otherwise stated)

41. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

g. Compensation of key management and Board of Commissioners

Key management comprises the Board of Directors and other key management personnel who have significant involvement in the operations of the Company. The compensation paid or payable to key management and Board of Commissioners is shown below:

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Salaries and other benefits	2,248	5,951	47,273	52,781	42,469

h. Relationship with related parties

The nature of relationships with the related parties is as follows:

Relationships	Related parties
• Shareholder	The Government of the Republic of Indonesia
• Associates	Pacific Petroleum & Trading Co. Ltd. PT Trans-Pacific Petrochemical Indotama PT Donggi Senoro LNG PT Asuransi Samsung Tugu Seplat Petroleum Development Company Plc.
• Joint ventures	PT Patra SK PT Perta Samtan Gas PT Perta Daya Gas PT Indo Thai Trading PT Elnusa CGGVeritas Seismic Unimar LLC PT Transportasi Gas Indonesia PT Permata Karya Jasa (Perkasa) PT Pertamina Rosneft Pengelolaan dan Petrokimia
• Common key management	Koperasi Karyawan Pertamina Dana Pensiun Pertamina Pertamina Foundation Yayasan Kesehatan Pertamina
• Government-related entities	Indonesian Armed Forces/Police of the Republic of Indonesia Ministry of Finance PT Perusahaan Listrik Negara (Persero) PT Pupuk Indonesia (Persero) PT Krakatau Steel (Persero) Tbk PT Garuda Indonesia (Persero) Tbk PT Merpati Nusantara Airlines (Persero) PT Wijaya Karya (Persero) Tbk PT PAL Indonesia (Persero) PT Bina Bangun Wibawa Mukti PT Rekayasa Industri PT Asuransi Jasa Indonesia (Persero) PT Sarana Multi Infrastruktur (Persero) BNI BNI Syariah BRI Bank Mandiri Bank Mandiri Syariah Indonesian Eximbank State-Owned Enterprises Local Government-Owned Enterprises
• Key Management Personnel	Board of Directors Other key management of the personnel
• Governance Oversight Body	Board of Commissioners

(Expressed in thousands of United States Dollars, unless otherwise stated)

42. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions.

Segments are grouped into two principal business activities consisting of Upstream and Downstream, representing the Company's reportable segments as defined in the accounting standards for segment reporting SFAS 5 (Amendment 2014), Operating Segments (Note 2w). Business activities related with Gas and New and Renewable Energy are currently grouped into Other segment because they still have not met quantitative thresholds as a reportable operating segment.

	March 31, 2019 (unaudited)					
	Upstream	Downstream	Others*)	Total before elimination	Elimination	Total consolidated
External sales	1,671,923	10,004,296	993,968	12,670,187	-	12,670,187
Inter-segment sales	1,350,927	218,862	81,208	1,650,997	(1,650,997)	-
Total segment revenues	3,022,850	10,223,158	1,075,176	14,321,184	(1,650,997)	12,670,187
Segment results**)	1,368,678	(160,405)	165,400	1,373,673	(121,463)	1,252,210
Gain (loss) on foreign exchange - net						119,907
Finance income						145,872
Finance costs						(241,459)
Share in net profit of associates and joint venture						15,773
Other expenses - net						(98,670)
						(58,577)
Profit before income tax						1,193,633
Income tax expense						(620,276)
Profit for the period/year after the effect of merging entity's income adjustment						**573,357**
Profit for the year after the effect of merging entity's income adjustment attributable to:						
Owners of the parent						519,115
Non-controlling interests						54,242
Other information						
Segment assets	24,830,995	33,448,266	8,471,086	66,750,347	(4,393,771)	62,356,576
Long-term investments	1,932,879	19,664,087	463,006	22,059,972	(19,331,352)	2,728,620
Total assets	26,763,874	53,112,353	8,934,092	88,810,319	(23,725,123)	65,085,196
Total liabilities	11,841,299	24,164,384	2,990,708	38,996,391	(4,033,108)	34,963,283
Depreciation, depletion and amortization expense	468,319	176,693	112,982	757,994	-	757,994
Additions to fixed assets, oil and gas, and geothermal properties	494,536	184,121	2,711	681,368	-	681,368

*) Others consist of office and housing rentals, hotel operation, air transportation services, health services and operation of hospitals, investment portfolio management, gas transportation services, human resources development and insurance services.

**) Gross profit less sales and marketing expenses, and general and administrative expenses.

(Expressed in thousands of United States Dollars, unless otherwise stated)

42. SEGMENT INFORMATION (continued)

	March 31, 2018 (unaudited)					
	Upstream	**Downstream**	**Others*)**	**Total before elimination**	**Elimination**	**Total consolidated**
External sales	1,914,579	9,979,387	1,237,906	13,131,872	-	13,131,872
Inter-segment sales	880,391	26,278	71,956	978,625	(978,625)	-
Total segment revenues	2,794,970	10,005,665	1,309,862	14,110,497	(978,625)	13,131,872
Segment results**)	1,272,870	(28,021)	197,772	1,442,621	(106,222)	1,336,399
Gain on foreign exchange - net						(67,505)
Finance income						48,046
Finance costs						(204,360)
Share in net profit of associates and joint venture						124,893
Other expenses - net						179,927
						81,001
Profit before income tax						1,417,400
Income tax expense - net						(729,633)
Profit for the period after the effect of merging entity's income adjustment						**687,767**
Profit for the year attributable to:						
Owners of the parent						580,351
Non-controlling interests						107,416
Other information						
Segment assets	26,678,114	27,053,836	7,092,514	60,824,464	(5,686,521)	55,137,943
Long-term investments	1,477,012	16,670,182	569,907	18,717,101	(15,668,339)	3,048,762
Total assets	28,155,126	43,724,018	7,662,421	79,541,565	(21,354,860)	58,186,705
Total liabilities	12,410,746	20,267,560	3,671,643	36,349,949	(5,352,812)	30,997,137
Depreciation, depletion and amortization expense	447,889	172,627	130,048	750,564	-	750,564
Additions to fixed assets, oil and gas, and geothermal properties	23,200	229,579	50,884	303,663	-	303,663

*) Others consist of office and housing rentals, hotel operation, air transportation services, health services and operation of hospitals, investment portfolio management, gas transportation services, human resources development and insurance services.

**) Gross profit less sales and marketing expenses, and general and administrative expenses.

(Expressed in thousands of United States Dollars, unless otherwise stated)

42. SEGMENT INFORMATION (continued)

	December 31, 2018					
	Upstream	**Downstream**	**Others*)**	**Total before elimination**	**Elimination**	**Total consolidated**
External sales	7,054,464	45,691,622	5,187,485	57,933,571	-	57,933,571
Inter-segment sales	5,498,100	399,699	266,115	6,163,914	(6,163,914)	-
Total segment revenues	12,552,564	46,091,321	5,453,600	64,097,485	(6,163,914)	57,933,571
Segment results**)	5,960,645	(286,777)	616,351	6,290,219	(43,479)	6,246,740
Gain on foreign exchange - net						19,622
Finance income						256,573
Finance costs						(835,238)
Share in net profit of associates and joint venture						122,724
Other expenses - net						(80,825)
						(517,144)
Profit before income tax						5,729,596
Income tax expense						(3,013,202)
Profit for the period/year after the effect of merging entity's income adjustment						**2,716,394**
Profit for the year after the effect of merging entity's income adjustment attributable to:						
Owners of the parent						2,572,542
Non-controlling interests						143,852
Other information						
Segment assets	24,620,521	35,093,033	6,655,756	66,369,310	(4,469,912)	61,899,398
Long-term investments	1,472,711	14,970,480	183,158	16,626,349	(13,807,295)	2,819,054
Total assets	26,093,232	50,063,513	6,838,914	82,995,659	(18,277,207)	64,718,452
Total liabilities	10,092,998	26,403,047	3,636,191	40,132,236	(5,023,824)	35,108,412
Depreciation, depletion and amortization expense	1,684,534	715,492	576,536	2,976,562	-	2,976,562
Additions to fixed assets, oil and gas, and geothermal properties	3,110,810	1,135,645	287,056	4,533,511	-	4,533,511

*) Others consist of office and housing rentals, hotel operation, air transportation services, health services and operation of hospitals, investment portfolio management, gas transportation services, human resources development and insurance services.

**) Gross profit less sales and marketing expenses, and general and administrative expenses.

(Expressed in thousands of United States Dollars, unless otherwise stated)

42. SEGMENT INFORMATION (continued)

	December 31, 2017					
	Upstream	**Downstream**	**Others*)**	**Total before elimination**	**Elimination**	**Total consolidated**
External sales	4,489,320	37,000,553	4,510,850	46,000,723	-	46,000,723
Inter-segment sales	3,477,012	372,195	427,098	4,276,305	(4,276,305)	-
Total segment revenues	7,966,332	37,372,748	4,937,948	50,277,028	(4,276,305)	46,000,723
Segment results**)	3,327,892	1,282,198	759,793	5,369,883	(183,477)	5,186,406
Gain on foreign exchange - net						58,137
Finance income						233,074
Finance costs						(817,711)
Share in net profit of associates and joint venture						37,904
Other expenses - net						(830,582)
						(1,319,178)
Profit before income tax						3,867,228
Income tax expense - net						(1,166,824)
Profit for the period/year after the effect of merging entity's income adjustment						**2,700,404**
Profit for the year after the effect of merging entity's income adjustment attributable to:						
Owners of the parent						2,621,732
Non-controlling interests						78,672
Other information						
Segment assets	23,969,823	28,451,374	8,878,406	61,299,603	(6,831,146)	54,468,457
Long-term investments	1,476,703	16,490,057	451,653	18,418,413	(15,447,495)	2,970,918
Total assets	25,446,526	44,941,431	9,330,059	79,718,016	(22,278,641)	57,439,375
Total liabilities	12,148,638	21,037,697	4,165,216	37,351,551	(6,925,443)	30,426,108
Depreciation, depletion and amortization expense	1,507,444	692,767	603,798	2,804,009	-	2,804,009
Additions to fixed assets, oil and gas, and geothermal properties	3,672,689	1,529,130	221,357	5,423,176	-	5,423,176

*) Others consist of office and housing rentals, hotel operation, air transportation services, health services and operation of hospitals, investment portfolio management, gas transportation services, human resources development and insurance services.

**) Gross profit less sales and marketing expenses, and general and administrative expenses.

(Expressed in thousands of United States Dollars, unless otherwise stated)

42. SEGMENT INFORMATION (continued)

	December 31, 2016					
	Upstream	Downstream	Others*)	Total before elimination	Elimination	Total consolidated
External sales	3,542,516	32,337,198	3,932,223	39,811,937	-	39,811,937
Inter-segment sales	2,729,749	140,469	365,653	3,235,871	(3,235,871)	-
Total segment revenues	6,272,265	32,477,667	4,297,876	43,047,808	(3,235,871)	39,811,937
Segment results**)	2,065,679	4,176,180	501,669	6,743,528	(44,098)	6,699,430
Gain on foreign exchange - net						(57,521)
Finance income						336,634
Finance costs						(770,518)
Share in net profit of associates and joint venture						18,722
Other expenses - net						(877,864)
						(1,350,547)
Profit before income tax						5,348,883
Income tax expense						(1,877,649)
Profit for the period/year after the effect of merging entity's income adjustment						**3,471,234**
Profit for the year after the effect of merging entity's income adjustment attributable to:						
Owners of the parent						3,320,382
Non-controlling interests						150,852
Other information						
Segment assets	20,490,777	28,354,356	9,501,653	58,346,786	(7,700,131)	50,646,655
Long-term investments	1,714,743	14,331,318	511,081	16,557,142	(13,227,703)	3,329,439
Total assets	22,205,520	42,685,674	10,012,734	74,903,928	(20,927,834)	53,976,094
Total liabilities	9,422,068	19,894,950	5,185,541	34,502,559	(5,771,223)	28,731,336
Depreciation, depletion and amortization expense	1,568,763	653,572	465,905	2,688,240	-	2,688,240
Additions to fixed assets, oil and gas, and geothermal properties	1,566,871	801,312	644,562	3,012,745	-	3,012,745

*) Others consist of office and housing rentals, hotel operation, air transportation services, health services and operation of hospitals, investment portfolio management, gas transportation services, human resources development and insurance services.

**) Gross profit less sales and marketing expenses, and general and administrative expenses.

Transactions between segments are carried out at agreed terms between the companies.

The following table shows the distribution of the Group's consolidated revenues based on its geographic segments:

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Revenue					
Indonesia	11,802,853	12,383,932	54,296,618	44,126,442	38,843,566
Other countries	867,334	747,940	3,636,953	1,874,281	968,371
Consolidated revenues	**12,670,187**	**13,131,872**	**57,933,571**	**46,000,723**	**39,811,937**

Revenue from two customers of the downstream segment for the three-month periods ended March 31, 2019 and 2018 represented approximately 12% and 22% (US$1,416,765 and US$2,533,006) of total sales and other operating revenues, respectively.

All of the Group's assets are substantially located in Indonesia, except for several owned assets outside the country such as PIEP's Subsidiaries which are located in Algeria, Iraq, Malaysia, Italia, France, Myanmar, Canada, Congo, Tanzania, Gabon, Colombia, Namibia, and Venezuela, respectively.

43. OIL AND GAS CONTRACT ARRANGEMENTS

a. PSC

PSCs are entered into by PSC Contractors with SKK Migas (previously BP Migas) acting on behalf of the Government, for a period of 20-30 years, and may be extended in accordance with applicable regulations.

- **Working area**
  The PSC working area is a designated area in which the PSC contractors may conduct oil and gas operations. On or before the tenth year from the effective date of the PSCs, the PSC contractors must return a certain percentage of this designated working area to SKK Migas on behalf of the Government during the term of the PSC.

- **Crude oil and natural gas production sharing**

  Crude oil and natural gas production sharing is determined annually, representing the total liftings of crude oil and gas in each period/year, net of investment credit, FTP, and cost recovery.

  The PSC Contractors are subject to tax on their taxable income from their PSC operations based on their share of equity oil and natural gas production, less bonuses, at a combined tax rate comprising of corporate income tax and dividend tax.

- **Cost recovery**

  Annual cost recovery comprises of:
  i. Current year non-capital costs;
  ii. Current year amortization of capital costs; and
  iii. Unrecovered prior years' operating costs (unrecovered costs).

- **Crude oil and natural gas prices**

  The PSC Contractors' crude oil production is priced at ICP. Natural gas deliveries to third parties and related parties are valued based on the prices stipulated in the respective gas sales and purchase contracts.

- **DMO**

  Crude oil

  The PSC Contractors are required to supply the domestic market in Indonesia with the following annual calculation:

  i. Multiply the total quantity of crude oil produced from the contract area by a fraction, the numerator of which is the total quantity of crude oil to be supplied and the denominator is the entire crude oil production from all petroleum companies in Indonesia.
  ii. Compute 25% of the total quantity of crude oil produced in the PSC's working area.
  iii. Multiply the lower computed, either under (i) or (ii) by the percentage of the contractor's entitlement.

  The price of DMO crude oil is supplied is equal to the weighted average of all types of crude oil sold by the PSC Contractors or other price determined under the PSC.

  Natural gas

  The PSC Contractors are required to supply the domestic market in Indonesia with 25% of total quantity of natural gas produced in the working area multiplied by the PSC contractor's entitlement percentage.

  The price of DMO for natural gas is the price determined based on the agreed contracted sales price.

- **FTP**

  The Government and Contractors are entitled to receive an amount ranging from 10%-20% of the total production of crude oil and natural gas each year, before any deduction for recovery of operating costs and investment credit.

- **Ownership of materials, supplies, and equipment**

  Materials, supplies, and equipment acquired by the PSC contractors for crude oil and natural gas operations belong to the Government. However, the PSC contractors have the right to utilize such materials, supplies, and equipment until they are declared surplus or abandoned with the approval of SKK Migas.

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

b. PT Pertamina EP cooperation agreements with SKK Migas

On September 17, 2005, an oil and gas cooperation contract in the form of Pertamina Oil and Gas Contract which is equivalent to a PSC, was signed between Special Task Force For Upstream Oil and Gas Bussiness Activities ("SKK Migas" formerly Oil and Gas Upstream Activities Agency/"BP Migas") and PT Pertamina EP as a successor contract to Pertamina's Petroleum Contract (PPC).This is valid for a period of 30 years from September 17, 2005 until September 16, 2035, which may be extended in accordance with a written agreement between the parties (SKK Migas and PT Pertamina EP) and approval from the Government.

PT Pertamina EP's cooperation contract has the following financial provisions:

- **Working area**

  The area represents the former Pertamina Entity's exploration and production areas excluding Cepu and Randugunting Blocks.

- **Crude oil and natural gas production sharing**

  PT Pertamina EP and the Government's shares of equity (profit) of oil and gas production is 67.2269% and 32.7731%, respectively.

- **FTP**

  The Government and PT Pertamina EP are entitled to receive an amount equal to 5% of the total production of oil and gas each year before any deduction for recovery of operating costs and investment credit. FTP is shared between the Government and PT Pertamina EP in accordance with the entitlements to oil and gas production.

- **Crude and natural gas price**

  Sales of Company's crude are valued with ICP. Transfer of natural gas are valued with decreed price in Gas Sales Agreement ("GSA").

c. PT Pertamina EP cooperation agreements with other parties

PT Pertamina EP has entered into cooperation agreements with other parties in conducting oil and gas activities in certain parts of its PSC working area, under TAC or operating cooperation contracts with the approval of the Government through SKK Migas.

The recoverable costs and shares of equity (profit) of the other parties under the following cooperation agreements form part of PT Pertamina EP's cost recovery under its PSC.

Cooperation agreements with other parties are as follows:

i. Technical Assistant Contract ("TAC")

Under a TAC, operations are conducted through partnership arrangements with PT Pertamina EP. TACs are awarded for fields which are currently in production, or which had previously been in production, but the production has ceased. Crude oil and natural gas production is divided into non-shareable and shareable portions. The non-shareable portion represents the production which is expected from the field (based on the historic production trends of the field) at the time the TAC is signed and accrues to PT Pertamina EP. Non-shareable production decreases annually reflecting expected declines in production. The shareable portion of production corresponds to the additional production resulting from the Partners' investments in the TAC fields.

The Partners are entitled to recover costs, subject to specified annual limitations depending on the contract terms. The remaining portion of shareable production (shareable production less cost recovery) is split between PT Pertamina EP and the Partners. The Partners' share of equity (profit) oil and gas production is stipulated in each contract and ranges from 26.7857% to 35.7143% for oil and 62.5000% for gas.

As of March 31, 2019, there are 7 TAC arrangements of PT Pertamina EP for Sumatera, Java and Papua working areas with contract term for 20 years. The effective term of those contracts range from 2000 until 2002 and the end term of those contracts range from 2020 until 2022.

At the end of the TACs, all TAC assets are transferred to PT Pertamina EP. The TAC Partners are responsible for settling all outstanding TAC liabilities to third parties until the end of the TACs.

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. PT Pertamina EP cooperation agreements with other parties (continued)

ii. Operation Cooperation Contract (“OC”)

In an OC Contract, operations are conducted through partnership arrangements with PT Pertamina EP. OC Contracts are awarded for fields which are currently in production, or which have previously been in production, in which production has ceased, or for areas with no previous production. The two types of OC contracts are:
a. OC Production - Exploration contract
b. OC Production contract

Under an OC Production-Exploration contract, there is no Non-Shareable Oil. While for an OC Production contract, the crude oil production is divided into non-shareable and shareable portions.

The NSO portion of crude oil production represents the production which is expected from the field (based on the historic production trends of the field) at the time the OC contract is signed, and it accrues to PT Pertamina EP. The shareable portion of crude and gas production corresponds to the additional production resulting from the Partners’ investments in the OC contract fields and split between the parties in the same way as under a cooperation contract. In certain OC production contracts, in the event that the production is the same as or less than the NSO, the Partner’s production cost shall not be deferred and will be recovered with the following provisions:

Partner may recover the operating costs in any Calendar Year if the amount of the Partner’s production is greater than the Non-Sharable Oil up to a maximum of Incremental Oil that comprises of:

1) Cost recovery for lifting Non-Shareable Oil up to a maximum of 80% (eighty percent) from Operating Costs of Non-Shareable Oil.

2) Cost recovery for lifting incremental oil up to a maximum of 80% (eighty percent) from the production of Incremental Oil produced and sold and that were not used in that Calendar Year.

If, in any Calendar Year, the operating costs exceed the value of such crude oil allocated for the Operations in that Calendar Year, then the unrecovered excess will be recovered in the following years.

The Partner’s share of equity (profit) oil and gas production as stipulated in each contract ranges from 16.6667% to 29.8039% for oil and 28.8627% to 53.5714% for gas, respectively.

Specified investment expenditure commitments are required to be made in the first three years after the signing of the OC contract. To ensure that these expenditure commitments are met, the Partners are required to provide PT Pertamina EP with irrevocable and unconditional bank guarantees. The OC Partners are also required to make payments to PT Pertamina EP before the date of signing the OC contracts, of the amounts stated in the bid documents.

As of March 31, 2019, there are 27 OC partnership arrangements of PT Pertamina EP for Sumatera, Java, Kalimantan and Papua working area with contract term for 15-20 years. The effective term of those contracts range from 2007 until 2018 and the end term of those contracts range from 2022 until 2035.

At the end of OC contracts, all OC assets are transferred to PT Pertamina EP. The OC Partners are responsible for settling all outstanding OC liabilities to third parties until the end of the OC contracts.

(Expressed in thousands of United States Dollars, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. PT Pertamina EP cooperation agreements with other parties (continued)

iii. Unitisation Agreement

In accordance with Government Regulation No. 35 Year 2004 on Upstream Oil and Gas Business Activities, a PSC contractor is required to conduct unitisation if it is proven that its reservoir extends into another contractor's Working Area. The MoEMR will determine the operator for the unitisation based on the agreement between the contractors entering the unitisation after considering the opinion of SKK Migas.

As of March 31, 2019, there are 6 Unitisation arrangements of PT Pertamina EP for Sumatera, Java and Papua working area with contract term for 10-50 years. The effective term of those contracts range from 1985 until 2013 and the end term of those contracts range from 2023 until 2035.

Based on SKK Migas Letter No. SRT-0493/SKKMA0000/2018/S1 dated June 25, 2018, regarding the Establishment of New Unitization Operators in Sukowati Field, CPA Mudi Production Facilities and FSO Cinta Natomas, the PT Pertamina EP was appointed as the new operator Sukowati Field (Note 4h).

d. PHE's cooperation agreement with other parties

- Gross split contract

On January 13, 2017, the regulation of the Minister of Energy and Mineral Resources No.08/2017 regarding principles of the Production Sharing Contract without Cost Recovery Mechanism, also known as Gross Split PSC was issued.

In Gross Split PSC the sharing of oil and gas production between the Government of Indonesia and the Contractors is based on the following 3 criteria:

1. Base Split
2. Variable Split
3. Progressive Split

The Government has also arranged matters related to Gross Split PSC as follows:

i. The tax regime applicable to the Gross Split PSC is in accordance with the provisions of the income tax law;
ii. The contractors of Gross Split PSC must reimburse unrecovered investment costs to the old PSC contractors.
iii. The oil and gas assets of the old PSC which are now owned by the Directorate General of State Assets ("DJKN") are to be used by the Gross Split PSC contractors based on lease scheme.
iv. Leases are levied on oil and gas assets used by the Gross Split PSC contractors and have the cost recovery, then the fair value is recalculated based on the Indonesian Appraisal Standard by the Public Appraiser, multiplied by the rental rate set by the DJKN.

As of March 31, 2019, the signed gross split PSC is as follows:

PSC partners	Working area	Area	Effective date of contract	Production commencement date	Expiry date of contract	Percentage of participation	Production	Contract period
MUJ ONWJ	Offshore North West Java Block	North West Java	19/01/2017	27/08/1971	18/01/2037	90%	Oil and gas	20 years
None	Tuban Block	East Java	20/05/2018	12/02/1997	19/05/2038	100%	Oil and gas	20 years
None	Ogan Komering Block	South Sumatera	20/05/2018	11/07/1991	19/05/2038	100%	Oil and gas	20 years
None	Offshore Southeast Sumatera Block	Southeast Sumatera	06/09/2018*	1975	06/09/2038	100%	Oil and gas	20 years
None	NSO Block	North Sumatera Offshore	17/10/2018*	01/10/2015	16/10/2038	100%	Oil and gas	20 years
None	Raja/Pendopo Block	South Sumatera	06/07/2019**	21/11/1992	05/07/2039	100%	Oil and gas	20 years
None	Jambi Merang Block	Jambi	10/02/2019**	22/02/2011	09/02/2039	100%	Oil and gas	20 years
Eni East Sepinggan Ltd.	East Sepinggan Block	East Sepinggan	20/7/2012***	-	20/07/2042	15%	Oil and gas	30 years

(Expressed in thousands of United States Dollars, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE's cooperation agreement with other parties (continued)

PSC partners	Working area	Area	Effective date of contract	Production commencement date	Expiry date of contract	Percentage of participation	Production	Contract period
Petrogas (Basin) Ltd.	Kepala Burung Block	Papua	15/10/2020****	07/10/1996	14/10/2040	30%	Oil and gas	20 years
Petrogas (Island) Ltd.	Salawati Block	Papua	23/04/2020****	21/01/1993	22/04/2040	30%	Oil and gas	20 years
None	Maratua Block	North Kalimantan & East Kalimanta	18/02/2019	-	17/02/2049	100%	Oil and gas	30 years

* Gross Split PSC was signed on April 20, 2018
** Gross Split PSC signed on May 31, 2018
*** The PSC amendment to Gross Split PSC was signed on December 11, 2018
**** Gross Split PSC was signed on July 11, 2018

- **Indonesian participation arrangements ("IP")**

Through the IP arrangements, the Company, a State-Owned Enterprise, is offered a 10% working interest in PSCs at the first time Plans of Development ("POD") which was approved by the Government of Indonesia (the "Government"), represented by SKK Migas. The 14.28% interest in Jabung Block represents the acquisition of additional interest of 4.28% by the Company. The 5% interest in the Tengah Block represents 10% of the 50% foreign contractor's share. The Company assigned these IP interests to PHE's subsidiaries on January 1, 2008.

As of March 31, there are 5 IP partnership arrangements of PHE for Sumatera, Kalimantan and Papua working area with contract terms of 20-30 years. The effective term of those contracts ranges from 1990 until 2005 and the end term of those contracts ranges from 2020 until 2028 with percentage of participation range from 10% until 14.28%.

- **PSC interests acquired after the issuance of Law No.22 year 2001, related to Oil and Gas**

1. Oil and gas

As of March 31,2018, there are 16 oil and gas partnership arrangements of PHE for Sumatera, Java, Kalimantan, Sulawesi, Maluku and Papua working area with contract terms of 20-30 years. The effective term of those contracts range from 1998 until 2016 and the end term of those contracts ranges from 2019 until 2046 with percentage of participation ranging from 15% until 100%.

2. Coal bed methane

As of March 31, 2019, there are 13 Coal Bed Methane ("CBM") partnership arrangements in exploration activities for Sumatera and Kalimantan working areas, with contract terms of 30 years. The effective terms of those contracts ranges from 2008 until 2012, and the end term of those contracts ranges from 2038 until 2042 with percentages of participation range from 27.5% until 100%.

3. Unconventional oil and gas

As of March 31, 2019, there are 2 Unconventional Oil and Gas partnership arrangements for Sumatera working areas with contract term of 30 years. The effective term of those contracts ranges from 2013 until 2015, and the end term of those contracts ranges from 2043 until 2045 with percentages of participation interests range from 50% until 100%.

- **Joint operating body-production sharing contracts ("JOB-PSC")**

In a JOB-PSC, operations are conducted by a joint operating body between PHE's Subsidiaries and the contractors. The PHE Subsidiaries' share of expenditures is paid in advance by the contractors and repaid by PHE's Subsidiaries out of their share of crude oil and natural gas production, with a 50% uplift. After all expenditures are repaid, the crude oil and natural gas production is divided between PHE's subsidiaries and the contractors based on their respective percentages of participation in the JOB-PSC. The contractors' share of crude oil and natural gas production is determined in the same manner as for a PSC.

(Expressed in thousands of United States Dollars, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE's cooperation agreement with other parties (continued)

- **Joint operating body-production sharing contracts ("JOB-PSC") (continued)**

As of March 31, 2019, there are 4 JOB-PSC Partnership arrangements of PHE for Sumatera, Java, Kalimantan, Sulawesi, and Papua working area with contract terms of 30 years. The effective term of those contracts ranges from 1989 until 1998, and the end term of those contracts ranges from 2019 until 2028 with percentage of participation ranging from 37.5% until 50%.

- **Pertamina participating interests ("PPI")**

Through PPI arrangements, PHE owns working interests in contracts similar to JOB-PSC contracts. The remaining working interests are owned by a contractor who acts as an operator. PHE's share of expenses is either funded by PHE on a current basis, or paid in advance by the contractors and repaid by PHE out of their share of crude oil and natural gas production, with a 50% uplift. The crude oil and natural gas production are divided between PHE and the contractors based on their respective percentages of participation in the PSC. The contractors' share of crude oil and natural gas production is determined in the same manner as for a PSC.

As of March 31, 2019, the Subsidiaries' PPI arrangements were as follows (unaudited):

PPI partners	Working area	Area	Effective date of contract	Production commencement date	Expiry date of contract	Percentage of participation	Production	Contract period
Conoco Philips (South Jambi) Ltd. and Petrochina International Jambi B Ltd.	B Block	South Jambi	26/01/1990	26/09/2000	25/01/2020	25%	Oil and gas	30 years

- **Foreign oil and gas contract interests**

Name of JOC	JOB partners	Working area	Area	Effective date of contract	Production commencement date	Percentage of participation	Production	Contract period
Petronas Carigali Pertamina Petro-Vietnam Operating Company Sdn. Bhd. ("PCPP")	Petronas Carigali Sdn. Bhd., Petrovietnam	Offshore Sarawak Block (SK 305)	Malaysia	16/06/2003	26/07/2010	30%	Oil and gas	29 years

- **Unitization agreements**

In accordance with Government Regulation No. 35 Year 2004 on Upstream Oil and Gas Business Activities, a contractor is required to conduct unitization if it is proven that its reservoir extends into another Contractor's Working Area. The Minister of Energy and Mineral Resources will determine the operator for the unitization based on the agreement between the contractors entering the unitization agreements after considering the opinion of SKK Migas.

Since several of PHE Subsidiaries' oil and gas reservoirs extend into other Contractors' Working Areas, PHE Subsidiaries entered into unitization agreements with several contractors.

As of March 31, 2019, there are 6 unitization agreements of PHE for Sumatera, Java, Kalimantan, and Papua working areas, with contract terms ranging from 10-50 years. The effective term of those contracts ranges from 1985 until 2014, and the end term of those contracts ranges from 2019 until 2035.

- **Extension and termination of PHE cooperation contract**

PSC "B" ended on October 3, 2018. On September 25, 2018, the Government, through the Aceh Oil and Gas Management Agency (BPMA), appoints PHE NSB as operator of the "B" Working Area for 6 (six) months from October 4, 2018 or until PSC has just been signed, whichever occurs first, with the basic forms and provisions of PSC in accordance with the current "B" Working Area.

The Tengah Block PSC ended on October 4, 2018. The Government decides not to extend the management of the Tengah Working Area by the existing Contractor. Until these consolidated financial statements were prepared, PHE Tengah K together, with other contractors (Total Tengah and Inpex Tengah Ltd.), are still in the process of completing their rights and obligations after termination with the Government.

(Expressed in thousands of United States Dollars, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

e. PT Pertamina EP Cepu (PEPC)'s cooperation agreements with other parties

On September 17, 2005, a Cooperation Contract ("PSC") was signed between SKK Migas and PEPC (50% participating interest), MCL (25.50% participating interest) and Ampolex (24.50% participating interest) (jointly called a Contractor) for a period of 30 years from September 17, 2005 to September 16, 2035, and may be extended in accordance with applicable regulations. The conditions for PSC PEPC are as follows:

SC Partner	Working area	Area	Effective date of contract	Production commencement date	Expiry date of contract	Percentage of participation	Production	Contract period
ExxonMobil Cepu Limited Ampolex (Cepu) Pte. Ltd. PT Sarana Patra Hulu Cepu PT Petrogas Jatim Utama Cendana PT Blora Patragas Hulu PT Asri Dharma Sejahtera	Cepu Block	Central Java-West Java	17/09/2005	31/08/2009	16/09/2035	45%	Oil	30 years

- **Unitisation agreements**

As of March 31, 2019, the Subsidiaries' unitization agreements are as follows:

Partner	Working area	Area	Effective date of contract	Production commencement date	Expiry date of contract	Percentage of participation	Production	Contract period
PT Pertamina EP	EP Block Cepu Block	Central Java - East Java	17/09/2005	-	16/09/2035	91.9399%	Gas	30

f. PT Pertamina EP Cepu Alas Dara Kemuning (PEPCADK) cooperation agreements with SKK Migas

The PSC was entered into by PEPC ADK with SKK Migas action on behalf of the Government on February 26, 2014 for a period of 30 years from February 26, 2014 until February 25, 2044. The period may be extended in accordance with applicable regulations. The Company has a 100% participating interest in the Alas Dara Kemuning Block PSC.

g. PT Pertamina Hulu Indonesia ("PHI") cooperation agreements with SKK Migas

- **PSC**

PSC is made by PSC contractors with the Government through the Special Task Force for Upstream Oil and Gas Business Activities ("SKK Migas" - formerly the Executive Agency for Upstream Oil and Gas Business Activities/"BP MIGAS") for a contract period of 20-30 years . This period can be extended in accordance with applicable regulations.

As of March 31, 2019, PHI Group's PSC are as follows:

PSC partner	Working area	Area	Contract effective date	Starting production date	Expiry date of contract	Partnership percentage	Production	Contract period
None	Mahakam Block	Onshore and Offshore East Kalimantan	01/01/2018	01/01/2018	31/12/2037	100%	Oil and gas	20 years

- **Gross Split PSC**

PSC partner	Working area	Area	Contract effective date	Starting production date	Expiry date of contract	Partnership percentage	Production	Contract period
None	Sanga Sanga Block	Onshore East Kalimantan	08/08/2018*	08/08/2018	07/08/2038	100%	Oil and gas	20 years
None	East Kalimantan and Attaka Block	Onshore and Offshore East Kalimantan	25/10/2018*	25/10/2018	24/10/2038	100%	Oil and gas	20 years

* Contract was signed on April 20, 2018.

(Expressed in thousands of United States Dollars, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

g. PT Pertamina Hulu Indonesia ("PHI") cooperation agreements with SKK Migas (continued)

- Unitisation agreements

On March 31, 2019, PHI's has unitisation agreements as follows:

Parties	Operator	Field	Location	Signing date of contract	Start contract	Production	End contract	Contract period
PT Pertamina Hulu Mahakam (PHM) & Pertamina Hulu Sanga Sanga (PHSS)	PT Pertamina Hulu Sanga Sanga (PHSS)	Nilam & Badak	East Kalimantan (KKS Mahakam and KKS Sanga Sanga)	In Progress	08/08/2018	08/08/2018	31/12/2037	20 years
PT Pertamina Hulu Mahakam (PHM) & Pertamina Hulu Kalimantan Timur (PHKT)	PT Pertamina Hulu Mahakam (PHM)	Peciko	East Kalimantan (KKS Mahakam and KKS East Kalimantan)	In Progress	25/10/2018	25/10/2018	31/12/2037	20 years

h. PIEP's directly and indirectly held foreign oil and gas PSC interests

As of March 31, 2019, the Company's directly and indirectly held foreign oil and gas PSCs or similar interests were as follows:

Name of JV	JV partners	Working area	Country	Effective date of contract	Date of commencement of production	Percentage of participation	Production	Contract period
Menzel Lejmat North (MLN)	Talisman Energy Inc	405a Block	Algeria	2000	2003	65%	Oil	25 years
Murphy Sabah Oil Co. Ltd.	Murphy Sabah Oil Co. Ltd. Petronas Carigali Sdn. Bhd.	Block K	Malaysia	27/01/1999	2007	24%	Oil and natural gas	38 years
Murphy Sabah Oil Co. Ltd.	Murphy Sabah Oil Co. Ltd. Petronas Carigali Sdn. Bhd.	Block H	Malaysia	19/03/2007	Development stage	24%	Natural gas	38 years
Murphy Sarawak Oil Co. Ltd.	Murphy Sarawak Oil Co. Ltd. Petronas Carigali Sdn. Bhd.	SK309	Malaysia	27/01/1999	2003	25.5%	Oil, natural gas, and condensate	29 years
Murphy Sarawak Oil Co. Ltd.	Murphy Sarawak Oil Co. Ltd. Petronas Carigali Sdn. Bhd.	SK311	Malaysia	27/01/1999	2007	25.5%	Oil, natural gas, and condensate	29 years
Murphy Sarawak Oil Co. Ltd.	Murphy Sarawak Oil Co. Ltd. Petronas Carigali Sdn. Bhd.	SK314A	Malaysia	07/05/2013	Exploration stage	25.5%	-	27 years
Mnazi Bay Exploration Mnazi Bay Development/ Production	M&P (Operator); TPDC	Mnazi Bay	Tanzania	October 2006	August 2015	60.075% & 48.06%	Gas	2031 and can be extended up to 2051
Enzanga Production	M&P (Operator); The Gabonese Republic; Tullow	Ezanga	Gabon	January 1, 2014	2007	80%	Oil	2034 and can be extended up to 2054
Seplat Petroleum Development Company Plc	Seplat (Operator); NPDC	OML 4, 38, 41	Nigeria	June 30, 1989	July 2010	45%	Oil and gas	October 2038
	Pillar Oil (Operator); Seplat	OPL 283	Nigeria	2009	May 2012	40%	Oil	Oktober 2028
	Seplat and NNPC (Joint Operators)	OML 53	Nigeria	1997	1978	40%	Oil	June 2027
	Seplat and BelemaOil (Joint Operators); NNPC	OML 55	Nigeria	1997	February 2017	n/a*)	Oil	June 2027
Petroregional del Lago Mixed Company	Petroleos de Venezuela S.A. & PDVSA Social	Urdaneta West Field	Venezuela	2006	1974	40%	Oil	2026

*) Under the revised commercial terms in relation to OML 55, starting July 2016, Seplat will no longer be a shareholder in BelemaOil but will instead receive interest income until a total sum of US$330 million has been paid to Seplat. Working interest production reported for OML 55 is preceding volumes to end June 2016.

(Expressed in thousands of United States Dollars, unless otherwise stated)

43. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

h. PIEP's directly and indirectly held foreign oil and gas PSC interests (continued)

- **Technical service contract ("TSC")**

As of March 31, 2019, TSC participating interest held by PT Pertamina Irak Eksplorasi Produksi ("PIREP") were as follows:

Name of JV	JV partners	Working area	Country	Effective date of contract	Date of commence-ment of production	Percentage of participation	Production	Contract period
West Qurna 1 Field Operating Division	ExxonMobil Iraq Limited, Shell Iraq B.V. PetroChina International Iraq FZE, Oil Exploration Company of Iraqi Ministry of Oil	West Qurna 1 Block	Iraq	25/01/2010	25/01/2010	10%	Oil	35 years

- **Unitisation agreements**

As of March 31, 2019, PIEP's unitization agreements are as follows:

1. Algeria

Name of JV	JV partners	Working area	Country	Effective date of contract	Date of commence-ment of production	Percentage of participation	Production	Contract period
El Merk ("EMK")	Talisman (Algeria) B.V., Sonatrach, Anadarko, Eni, Maersk, Company	405a Block	Algeria	March 2007	2013	16.90%	Oil, Condensate, and LPG	25 years
Ourhoud	Talisman (Algeria) B.V., . Sonatrach, Anadarko, Eni, Maersk, Company	405a Block	Algeria	December 1997	2002	3.56%	Oil	25 years

2. Malaysia

Parties	Operator	Unit field	PMEP's percentage of participation	Effective date of contract	Date of commencement of production	Production	Contract period
Shell, Conoco Phillips, Carigali Murphy, PMEP	Shell	Gumusut Kakap Field	3.25%	20/09/2004	18/11/2012	Oil and natural gas	Not specified
Shell, Conoco Phillips, Carigali, Murphy, PMEP	Murphy	Siakap North Petai Field	9.6%	01/01/2007	28/02/2014	Oil and natural gas	Not specified

i. PGN Cooperation Agreement

As of March 31, 2019, PGN has interests in the following oil and gas joint operations or Service Contracts Participation and Economic Sharing Agreements:

Work Area	Country	Participating Interest
Ujung Pangkah Block	Indonesia	100.00%
South Sesulu Block	Indonesia	100.00%
Fasken Block	United States of America	36.00%
Bangkanai Block	Indonesia	30.00%
West Bangkanai Block	Indonesia	30.00%
Muriah Block	Indonesia	20.00%
Ketapang Block	Indonesia	20.00%
Muara Bakau Block	Indonesia	11.67%
Wokam II Block	Indonesia	100.00%
Pekawai Block	Indonesia	100.00%
West Yamdena Block	Indonesia	100.00%

(Expressed in thousands of United States Dollars, unless otherwise stated)

44. GEOTHERMAL WORKING AREAS

Since 1974, the former Pertamina Entity has been assigned geothermal working areas in Indonesia based on various decision letters issued by the Minister of Mines and Energy. In accordance with Government Regulation No. 31 Year 2003, all rights and obligations arising from the contracts and agreements entered into between former Pertamina Entity and third parties, so long as these are not contrary to Law No. 22 Year 2001, were transferred to Pertamina Entity effective September 17, 2003. Pertamina Entity through its letter No. 282/C00000/2007-S0 dated March 12, 2007 assigned its geothermal working areas to PGE effective from January 1, 2007. The transfer of Pertamina Entity's rights, obligations, and interests in geothermal business operations to PGE was approved by the MoEMR in Letters No. 2198/30/DJB/2009 dated August 4, 2009 and No. 2523/30/DJB/2009 dated September 1, 2009.

Effective from June 28, 2010, Pertamina Entity's geothermal assets were transferred to PGE, and formed part of Pertamina Entity's contribution to PGE's additional paid-up capital. This transfer of Pertamina Entity's geothermal assets were documented in Notarial Deed No. 23 dated June 28, 2010 of Lenny Janis Ishak, S.H.

Based on the Decree of the Minister of Mines and Energy No. 2067 K/30/MEM/2012, regarding the affirmation of the territory of power and changes in the coordinate boundaries of the exploitation of geothermal resources, PT Pertamina Geothermal Energy has management rights over 14 geothermal WKPs. Referring to the original provision the Law No. 21 article 78 of 2014 regarding Geothermal Energy, at the end of 2014, 2 (two) WKPs, namely Kotamobagu and Gunung Iyang Argopuro were returned to the Government because the two WKPs up to December 31, 2014, were still not in the Exploitation stage. Furthermore, Pertamina received two (2) new WKPs, namely Mount Lawu (based on ESDM Ministerial Decree No.35.K/30/MEM/2016) and Seulawah (based on the Auction Winner Determination Letter from Aceh Governor No. 541/53157 November 1, 2013). PGE will carry out exploration activities in the two new WKPs.

The operations of the above geothermal working areas are conducted through own operations and joint operating contracts.

As of March 31, 2019, PGE's geothermal working areas were as follows:

a. Own operation

The following working areas are operated by PGE:

Working area	Location	Field status
Gunung Sibayak-Gunung Sinabung	Sibayak, North Sumatra	Production
Kamojang-Darajat	Kamojang, West Java	Production
Lahendong	Lahendong, North Sulawesi	Production
Gunung Way Panas	Ulubelu, Lampung	Production
Karaha-Cakrabuana	Karaha, West Java	Production
Lumut Balai and Marga Bayur	Lumut Balai, South Sumatera	Development
Hululais	Hululais, Bengkulu	Development
Sungai Penuh	Sungai Penuh, Jambi	Exploration
Gunung Lawu	Central Java	Exploration
Seulawah Agam	Aceh	Exploration

(Expressed in thousands of United States Dollars, unless otherwise stated)

44. GEOTHERMAL WORKING AREAS

b. Joint operating contracts ("JOCs")

JOCs include geothermal activities in PGE's working areas that are conducted by third parties. In accordance with the JOCs, PGE is entitled to receive production allowances from the JOC contractors at the rate of 2.66% for the Darajat JOC and 4% for the Salak, Wayang Windu, Sarulla, and Bedugul JOCs of the JOC contractors' annual net operating income as calculated in accordance with the JOCs.

As of March 31, 2019, PGE's JOCs were as follows:

Working Area	Location	Field Status	Contractor
Cibeureum - Parabakti	Salak, West Java	Production	Star Energy Geothermal Salak Ltd. and Star Energy Geothermal Salak Pratama Ltd.
Pangalengan	Wayang Windu, West Java	Production	Star Energy Geothermal (Wayang Windu) Ltd.
Kamojang-Darajat	Darajat, West Java	Production	Star Energy Geothermal Darajat II Ltd.
Gunung Sibualbuali	Sarulla, North Sumatera	Production	Sarulla Operation Limited
Tabanan	Bedugul, Bali	Exploration	Bali Energy Ltd.

PGE's income from geothermal activities is subject to tax (government share) at the rate of 34% for the Work Area managed before the Law No. 21 of 2014 regarding Geothermal was issued.

45. GOVERNMENT AUDIT

PT Pertamina EP, PT Pertamina EP Cepu, subsidiaries of PT Pertamina Hulu Energi

The accounting policies stipulated in the PSC are subject to interpretation by SKK Migas and the Government. Every year, the accounting records and financial information from all PSC are subject to audit by SKK Migas and/or the Government. Claims arising from the audit will be approved by the PSC operator and recorded in accounting accounting by the PSC or further discussed with SKK Migas and/or the Government. The settlement of the claims discussed requires a long negotiation process.

Management believes that the audit results for PT Pertamina EP Cooperation Contract and other PSC, wherein PT Pertamina EP Cepu and the subsidiaries of PT Pertamina Hulu Energi have the a Participating Interest, will not have a material impact on the Group's financial position and cash flows.

46. ADDITIONAL INFORMATION RELATED TO CASH FLOW

a. Activities that do not affect cash flow

	March 31, 2019 (Unaudited)	December 31,		
		2018	2017	2016
Increase/decrease in finance lease assets under fixed assets (Note 13)	(34,280)	19,828	103,022	(5,287)
Capitalization of borrowing costs to fixed assets (Note 13)	1,704	31,500	25,611	16,689
Capitalization of borrowing costs to oil and gas and geothermal properties (Note 14)	6,416	24,885	32,338	33,098
Addition (deduction) in oil and gas property arising from provision for decommissioning and site restoration (Note 23)	21,507	87,035	51,498	82,270

(Expressed in thousands of United States Dollars, unless otherwise stated)

46. ADDITIONAL INFORMATION RELATED TO CASH FLOW (continued)

b. Reconciliation of liabilities from financing activities

			Non-Cash Changes			
	January 1, 2019	Cash Flows	Dividend declare	Foreign exchange	Others	March 31, 2019 (unaudited)
Short term loans	4,347,035	(806,473)	-	130,835	-	3,671,397
Dividend payable	-	-	-	-	-	-
Long term liabilities	2,225,877	(130,889)	-	(16,550)	(3,224)	2,075,214
Bonds payable	11,094,096	-	-	-	5,711	11,099,807
Total liabilities from financing activities	**17,667,008**	**(937,362)**	**-**	**114,285**	**2,487**	**16,846,418**

			Non-Cash Changes			
	January 1, 2018	Cash Flows	Dividend declare	Foreign exchange	Others	March 31, 2018 (unaudited)
Short term loans	452,879	86	-	(9,541)	-	443,424
Dividend payable	-	-	-	-	-	-
Long term liabilities	2,475,726	(157,383)	-	4,395	(6,133)	2,316,605
Bonds payable	10,385,873	-	-	-	3,534	10,389,407
Total liabilities from financing activities	**13,314,478**	**(157,297)**	**-**	**(5,146)**	**(2,599)**	**13,149,436**

			Non-Cash Changes			
	January 1, 2018	Cash Flows	Dividend declare	Foreign exchange	Others	December 31, 2018
Short term loans	452,879	3,905,941	-	(11,785)	-	4,347,035
Dividend payable	-	(585,755)	614,939	(29,184)	-	-
Long term liabilities	2,475,726	(209,420)	-	(46,045)	5,616	2,225,877
Bonds payable	10,385,873	696,758	-	-	11,465	11,094,096
Total liabilities from financing activities	**13,314,478**	**3,807,524**	**614,939**	**(87,014)**	**17,081**	**17,667,008**

			Non-Cash Changes			
	January 1, 2017	Cash Flows	Dividend declare	Foreign exchange	Others	December 31, 2017
Short term loans	230,293	252,810	-	(30,224)	-	452,879
Dividend payable	-	(867,751)	907,383	(39,632)	-	-
Long term liabilities	3,439,109	(820,834)	-	(148,909)	6,360	2,475,726
Bonds payable	9,772,656	-	-	-	613,217	10,385,873
Total liabilities from financing activities	**13,442,058**	**(1,435,775)**	**907,383**	**(218,765)**	**619,577**	**13,314,478**

			Non-Cash Changes			
	January 1, 2016	Cash Flows	Dividend declare	Foreign exchange	Others	December 31, 2016
Short term loans	1,807,955	(1,680,626)	-	102,964	-	230,293
Dividend payable	-	(554,859)	499,449	55,410	-	-
Long term liabilities	4,065,515	(573,920)	-	(55,858)	3,372	3,439,109
Bonds payable	9,910,726	(139,756)	-	-	1,686	9,772,656
Total liabilities from financing activities	**15,784,196**	**(2,949,161)**	**499,449**	**102,516**	**5,058**	**13,442,058**

(Expressed in thousands of United States Dollars, unless otherwise stated)

47. FINANCIAL ASSETS AND LIABILITIES

a. Financial instruments category and fair value measurements

The following tables from to the Group's financial assets and liabilities by category:

Financial Assets

	Fair value through profit or loss	Avalable for sale	Loan and receivable	Held to maturity	Total
March 31, 2019 (unaudited)					
Cash and cash equivalents	-	-	8,322,110	-	8,322,110
Restricted cash	-	-	109,337	-	109,337
Short-term investments	19,124	278,084	1,213	-	298,421
Other investments - net	-	85,089	-	-	85,089
Long-term investments	-	16,001	1,532	541,974	559,507
Trade receivables	-	-	3,724,223	-	3,724,223
Due from the Government	-	-	5,566,906	-	5,566,906
Other receivables	-	-	945,222	-	945,222
Other non-current assets	-	-	1,186,467	-	1,186,467
Total Financial Assets	**19,124**	**379,174**	**19,857,010**	**541,974**	**20,797,282**
December 31, 2018					
Cash and cash equivalents	-	-	9,112,312	-	9,112,312
Restricted cash	-	-	108,915	-	108,915
Short-term investments	20,534	202,195	2,470	-	225,199
Other investments - net	-	80,171	-	-	80,171
Long-term investments	-	15,991	1,530	532,370	549,891
Trade receivables	-	-	3,231,106	-	3,231,106
Due from the Government	-	-	4,758,409	-	4,758,409
Other receivables	-	-	883,490	-	883,490
Other non-current assets	-	-	1,149,976	-	1,149,976
Total Financial Assets	**20,534**	**298,357**	**19,248,208**	**532,370**	**20,099,469**
December 31, 2017					
Cash and cash equivalents	-	-	6,409,827	-	6,409,827
Restricted cash	-	-	119,671	-	119,671
Short-term investments	24,898	208,894	15,490	-	249,282
Other investments - net	-	27,328	-	-	27,328
Long-term investments	-	16,034	1,523	533,309	550,866
Trade receivables	-	-	2,675,643	-	2,675,643
Due from the Government	-	-	2,155,739	-	2,155,739
Other receivables	-	-	875,514	-	875,514
Other non-current assets	-	-	1,292,628	-	1,292,628
Total Financial Assets	**24,898**	**252,256**	**13,546,035**	**533,309**	**14,356,498**
December 31, 2016					
Cash and cash equivalents	-	-	6,721,568	-	6,721,568
Restricted cash	-	-	122,697	-	122,697
Short-term investments	18,008	111,467	1,345	-	130,820
Other investments - net	-	43,190	-	-	43,190
Long-term investments	-	107,649	1,517	534,834	644,000
Trade receivables	-	-	2,864,720	-	2,864,720
Due from the Government	-	-	1,792,457	-	1,792,457
Other receivables	-	-	892,637	-	892,637
Other non-current assets	-	-	943,178	-	943,178
Total Financial Assets	**18,008**	**262,306**	**13,340,119**	**534,834**	**14,155,267**

(Expressed in thousands of United States Dollars, unless otherwise stated)

47. FINANCIAL ASSETS AND LIABILITIES (continued)

a. Financial instruments category and fair value measurements (continued)

The following tables from to the Group's financial assets and liabilities by category: (continued)

	Other Financial Liabilities			
	March 31, 2019	December 31, 2018	2017	2016
Short-term loans	(3,671,397)	(4,347,035)	(452,879)	(230,293)
Trade payables	(3,290,095)	(3,676,558)	(3,949,398)	(3,409,205)
Due to the Government	(2,516,044)	(2,002,825)	(1,831,245)	(1,685,118)
Accrued expenses	(2,115,141)	(1,902,515)	(1,759,885)	(1,473,189)
Long-term liabilities	(2,075,214)	(2,225,877)	(2,475,726)	(3,439,109)
Other payables	(362,729)	(407,196)	(467,742)	(269,731)
Bonds payable	(11,099,807)	(11,094,096)	(10,385,873)	(9,772,656)
Other non-current payables	(88,419)	(149,428)	(69,812)	(56,431)
Total Financial Liabilities	**(25,218,846)**	**(25,805,530)**	**(21,392,560)**	**(20,335,732)**

The Company

The Company entered into a foreign exchange and derivative line agreement with BNI, Mandiri and BRI in order to hedge against exchange rate risk. The notional amount for the three-month periods ended March 31, 2019 and the years ended December 31, 2018, 2017, and 2016 were US$336,000, US$570,000, US$355,000, and US$102,050, respectively.

The fair value of these financial liabilities is estimated using appropriate valuation techniques with inputs that are not based on observable market data.

The Company hedges the changes in the fair value of its liability due to risk of the foreign exchange rate fluctuation of Rupiah and US Dollar. The net changes in the fair values of the above derivatives instrument for the three-month periods ended March 31, 2019 and the years ended December 31, 2018, 2017, and 2016 were US$2,369, US$3,044, US$847, and US$155, respectively.

Subsidiaries

PGN entered into a cross currency swap contract with ABN AMRO Bank N.V., currently The Royal Bank of Scotland N.V. This contract ended on March 15, 2019. The notional amount for the years ended December 31, 2018, 2017, and 2016 were US$175,843, US$144,033, and US$139,178, respectively.

Fair value of this financial liabilities is estimated using appropriate valuation techniques with inputs that are not based on observable market data.

PGN hedges the changes in the fair value of its liability due to risk of the foreign exchange rate fluctuation of Japanese Yen and US Dollar. The net changes in the fair values of the above derivatives instrument for the the years ended December 31, 2018, 2017, and 2016 were US$1,936, US$1,867, and US$2,129, respectively.

These transaction do not meet the hedge accounting criteria according to Indonesian Financial Accounting Standard.

(Expressed in thousands of United States Dollars, unless otherwise stated)

47. FINANCIAL ASSETS AND LIABILITIES (continued)

b. Offsetting financial assets and liabilities

The following financial instruments are subject to offsetting, enforceable master netting arrangements and similar agreement:

	Gross amount of recognized financial assets	Gross amount of recognized financial assets set off in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
				Financial instruments	Cash collateral received	
March 31, 2019 (unaudited)						
Financial Asset						
- Trade receivable	3,757,514	(33,290)	3,724,224	-	-	3,724,224
Financial Liabilities						
- Trade payable	3,323,385	(33,290)	3,290,095	-	-	3,290,095
December 31, 2018						
Financial Asset						
- Trade receivable	3,327,292	(96,186)	3,231,106	-	-	3,231,106
Financial Liabilities						
- Trade payable	3,772,744	(96,186)	3,676,558	-	-	3,676,558
December 31, 2017						
Financial Asset						
- Trade receivable	2,736,501	(60,858)	2,675,643	-	-	2,675,643
Financial Liabilities						
- Trade payable	4,010,256	(60,858)	3,949,398	-	-	3,949,398
December 31, 2016						
Financial Asset						
- Trade receivable	2,899,983	(35,263)	2,864,720	-	-	2,864,720
Financial Liabilities						
- Trade payable	3,444,468	(35,263)	3,409,205	-	-	3,409,205

For financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both choose to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

48. RISK MANAGEMENT POLICY

The Group has various business activities, which expose it to various potential risks. The Group's overall risk management program focuses on minimising potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Group's Board of Directors, specifically the Risk Management Committee ("the Committee"), Risk Management Unit and Risk Taking Unit to identify, assess, mitigate and monitor the risks of the Group. The Committee provides principles for overall risk management, including business risk and financial risk.

a. Business risks

The Group's business activities are exposed to a variety of business risks (upstream and downstream) which are as follows:

i. The Group is subject to the control of the Government and there is no guarantee that the Government will always act in the Group's best interest. The Group also derives certain benefits from being a state-owned entity, and the Group cannot guarantee that any or all of these benefits will continue.
ii. The Group is subject to audit by SKK Migas, BPK, DGT and/or the Government. The outcome of the assessment may result in claims against the Group or reduce claims against the Government that have already been recognized by the Group.

(Expressed in thousands of United States Dollars, unless otherwise stated)

48. RISK MANAGEMENT POLICY (continued)

a. Business risks (continued)

The Group's business activities are exposed to a variety of business risks (upstream and downstream) which are as follows: (continued)

iii. The Group is dependent on joint venture partners and third party independent contractors in connection with exploration and production operations and to implement the Group's development programs.
iv. The Group's crude oil, natural gas and geothermal reserves estimates are uncertain and may prove to be inaccurate over time or may not accurately reflect actual reserves levels, or even if accurate, technical limitations may prevent the Group from retrieving these reserves.
v. The Group is dependent on management's ability to develop existing reserves, replace existing reserves and develop additional reserves.
vi. A substantial part of the Group's revenues is derived from sales of subsidised certain fuel (BBM) products by the Government.

b. Financial risk

Financial risk includes market, credit and liquidity risks.

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

The market risk factors are as follows:

(i) Foreign exchange risk

Group revenues are determined by the movement of MOPS, which will be paid separately by the public and the Government of Indonesia in the form of subsidised fuel products and LPG products.

Regulations in Indonesia require transactions to be made in Rupiah, while most of the operating costs particularly for the procurement of crude oil and oil products are made in US Dollars, which can lead to foreign exchange risks for cash and cash equivalents, trade receivables, due from the Government, trade payables, short-term loans, due to the Government and long-term liabilities.

The Group naturally mitigates foreign exchange risks through the effective management of its cash flows.

Sensitivity analysis

A strengthening (weakening) of the Rupiah against the US Dollar would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that were considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and excludes any impact on forecasted sales and purchases.

	Strengthening		Weakening	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
March 31, 2019 (unaudited)				
IDR (3% movement)	101,073	96,095	(95,185)	(90,497)
December 31, 2018				
IDR (3% movement)	364,017	358,908	(342,813)	(338,001)
December 31, 2017				
IDR (3% movement)	272,198	267,015	(256,342)	(251,461)
December 31, 2016				
IDR (7% movement)	869,047	866,557	(755,340)	(753,176)

(Expressed in thousands of United States Dollars, unless otherwise stated)

48. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

i. Market risk (continued)

(ii) Commodity price risk

The volatility in prices of crude oil, natural gas and refined products and the uncertainty of market dynamics for oil and gas could adversely affect the Group's business, financial conditions and results of the Group's operations.

The Group's profitability is significantly affected by the prices of, and demand for, crude oil, natural gas and refined products, the difference between the cost price of crude oil, the costs of exploring for, developing, producing, transporting and selling crude oil, gas and refined products. The international and domestic markets for crude oil and refined products are fluctuative, and have recently been characterized by significant price fluctuations. The fluctuation of the market prices of crude oil, natural gas and refined products is subject to a variety of factors beyond the Group's control.

The Group also participates in physical commodity contracts in the normal course of business. These contracts are not derivatives and are measured at cost. In this case, the Group is not exposed to commodity price risk because the price has been determined at the date of purchase.

(iii) Cash flow and fair value interest risk

The Group is exposed to cash flows and fair value interest rate risk due to its financial assets and liabilities position, mainly to maintain cash flows in order to meet the needs of operational and capital expenditure.

Assets and liabilities with floating rates expose the Group to cash flows interest rate risk. Financial assets and liabilities with fixed rates expose the Group to fair value interest rate risk.

The Group has established a centralised treasury and continuously monitors movements of LIBOR, SIBOR, JIBOR and other borrowing rates prevailing in the market and conducts negotiations to get the most profitable interest rates before making placement of funds or conducts negotiation with lenders if the borrowing rates become uncompetitive compared to prevailing rates in the market.

The Group may use loan facilities provided by national banks such as BNI, BRI, Bank Mandiri, as well as foreign private banks.

At the reporting date, the Group's financial assets and liabilities with floating rates, fixed rates and those that were non-interest bearing were as follows:

	March 31, 2019 (unaudited)					
	Floating rate		Fixed rate			
	Maturity less than one year	Maturity more than one year	Maturity less than one year	Maturity more than one year	Non-interest bearing	Total
Assets						
Cash and cash equivalents	3,698,376	-	4,612,308	-	11,426	8,322,110
Restricted cash	28,753	-	80,584	-	-	109,337
Short-term investments	-	-	122,069	-	176,352	298,421
Trade receivables	-	-	-	-	3,724,224	3,724,224
Due from the Government	-	-	-	3,029,233	2,537,673	5,566,906
Other receivables	-	-	-	-	945,222	945,222
Other investments	-	-	-	-	85,089	85,089
Long-term investments	-	391,307	-	23,994	144,206	559,507
Other non-current assets	-	-	-	-	1,186,467	1,186,467
Total financial assets	**3,727,129**	**391,307**	**4,814,961**	**3,053,227**	**8,810,659**	**20,797,283**

(Expressed in thousands of United States Dollars, unless otherwise stated)

48. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

i. Market risk (continued)

(iii) Cash flow and fair value interest risk (continued)

	March 31, 2019 (unaudited)					
	Floating rate		Fixed rate			
	Maturity less than one year	Maturity more than one year	Maturity less than one year	Maturity more than one year	Non-interest bearing	Total
Liabilities						
Short-term loans	(3,671,397)	-	-	-	-	(3,671,397)
Trade payables	-	-	-	-	(3,290,095)	(3,290,095)
Due to the Government	-	-	(28,903)	(790,351)	(1,696,790)	(2,516,044)
Accrued expenses	-	-	-	-	(2,115,141)	(2,115,141)
Other payables	-	-	-	-	(362,729)	(362,729)
Long-term liabilities	(369,527)	(1,562,340)	(53,795)	(89,552)	-	(2,075,214)
Bonds payable	-	-	-	(11,099,807)	-	(11,099,807)
Other non-current payables	-	(26,211)	-	-	(62,208)	(88,419)
Total financial liabilities	**(4,040,924)**	**(1,588,551)**	**(82,698)**	**(11,979,710)**	**(7,526,963)**	**(25,218,846)**

	December 31, 2018					
	Floating rate		Fixed rate			
	Maturity less than one year	Maturity more than one year	Maturity less than one year	Maturity more than one year	Non-interest bearing	Total
Assets						
Cash and cash equivalents	5,045,495	-	4,062,697	-	4,120	9,112,312
Restricted cash	21,344	-	87,571	-	-	108,915
Short-term investments	677	-	132,430	-	92,092	225,199
Trade receivables	-	-	-	-	3,231,106	3,231,106
Due from the Government	-	-	-	-	4,758,409	4,758,409
Other receivables	-	-	-	-	883,490	883,490
Other investments	-	-	-	-	80,171	80,171
Long-term investments	-	391,307	-	14,989	143,595	549,891
Other non-current assets	-	-	-	-	1,149,976	1,149,976
Total financial assets	**5,067,516**	**391,307**	**4,282,698**	**14,989**	**10,342,959**	**20,099,469**
Liabilities						
Short-term loans	(4,347,035)	-	-	-	-	(4,347,035)
Trade payables	-	-	-	-	(3,676,558)	(3,676,558)
Due to the Government	-	-	(25,247)	(795,082)	(1,182,496)	(2,002,825)
Accrued expenses	-	-	-	-	(1,902,515)	(1,902,515)
Other payables	-	-	-	-	(407,196)	(407,196)
Long-term liabilities	(361,855)	(1,703,996)	(58,722)	(101,304)	-	(2,225,877)
Bonds payable	-	-	-	(11,094,096)	-	(11,094,096)
Other non-current payables	-	-	-	-	(149,428)	(149,428)
Total financial liabilities	**(4,708,890)**	**(1,703,996)**	**(83,969)**	**(11,990,482)**	**(7,318,193)**	**(25,805,530)**

(Expressed in thousands of United States Dollars, unless otherwise stated)

48. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

i. Market risk (continued)

(iii) Cash flow and fair value interest risk (continued)

	December 31, 2017					
	Floating rate		Fixed rate			
	Maturity less than one year	Maturity more than one year	Maturity less than one year	Maturity more than one year	Non-interest bearing	Total
Assets						
Cash and cash equivalents	2,770,228	-	3,631,425	-	8,174	6,409,827
Restricted cash	75,243	-	44,428	-	-	119,671
Short-term investments	755	-	150,699	-	97,828	249,282
Trade receivables	-	-	-	-	2,675,643	2,675,643
Due from the Government	-	-	-	-	2,155,739	2,155,739
Other receivables	-	-	-	-	875,514	875,514
Other investments	-	-	-	-	27,328	27,328
Long-term investments	-	391,307	-	20,268	139,291	550,866
Other non-current assets	-	-	-	-	1,292,628	1,292,628
Total financial assets	**2,846,226**	**391,307**	**3,826,552**	**20,268**	**7,272,145**	**14,356,498**
Liabilities						
Short-term loans	(452,879)	-	-	-	-	(452,879)
Trade payables	-	-	-	-	(3,949,398)	(3,949,398)
Due to the Government	-	-	(24,680)	(780,626)	(1,025,939)	(1,831,245)
Accrued expenses	-	-	-	-	(1,759,885)	(1,759,885)
Other payables	-	-	-	-	(467,742)	(467,742)
Long-term liabilities	(315,951)	(1,952,671)	(50,008)	(157,096)	-	(2,475,726)
Bonds payable	-	-	-	(10,385,873)	-	(10,385,873)
Other non-current payables	-	(5,083)	-	-	(64,729)	(69,812)
Total financial liabilities	**(768,830)**	**(1,957,754)**	**(74,688)**	**(11,323,595)**	**(7,267,693)**	**(21,392,560)**

	December 31, 2016					
	Floating rate		Fixed rate			
	Maturity less than one year	Maturity more than one year	Maturity less than one year	Maturity more than one year	Non-interest bearing	Total
Assets						
Cash and cash equivalents	3,011,880	-	3,703,712	-	5,976	6,721,568
Restricted cash	79,537	-	43,160	-	-	122,697
Short-term investments	-	-	70,322	-	60,498	130,820
Trade receivables	-	-	-	-	2,864,720	2,864,720
Due from the Government	-	-	-	-	1,792,457	1,792,457
Other receivables	-	-	-	-	892,637	892,637
Other investments	-	-	-	-	43,190	43,190
Long-term investments	-	391,307	-	21,960	230,733	644,000
Other non-current assets	-	-	-	-	943,178	943,178
Total financial assets	**3,091,417**	**391,307**	**3,817,194**	**21,960**	**6,833,389**	**14,155,267**
Liabilities						
Short-term loans	(230,293)	-	-	-	-	(230,293)
Trade payables	-	-	-	-	(3,409,205)	(3,409,205)
Due to the Government	-	-	(23,538)	(732,573)	(929,007)	(1,685,118)
Accrued expenses	-	-	-	-	(1,473,189)	(1,473,189)
Other payables	-	-	-	-	(269,731)	(269,731)
Long-term liabilities	(671,638)	(2,554,986)	(50,562)	(161,923)	-	(3,439,109)
Bonds payable	-	-	-	(9,772,656)	-	(9,772,656)
Other non-current payables	-	(8,829)	-	-	(47,602)	(56,431)
Total financial liabilities	**(901,931)**	**(2,563,815)**	**(74,100)**	**(10,667,152)**	**(6,128,734)**	**(20,335,732)**

A change of 20 basis points in floating interest rates at the reporting date would have affected income before tax by the amounts shown below. This analysis assumed that all other variables, in particular foreign currency rates, remain constant.

(Expressed in thousands of United States Dollars, unless otherwise stated)

48. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

i. Market risk (continued)

(iii) Cash flow and fair value interest risk (continued)

Effect in:	+20 bp increase	-20 bp decrease
Income before tax	(2,969)	2,969
Cash flows sensitivity - net	**(2,969)**	**2,969**

ii. Credit risk

The Group has significant credit risk from unpaid receivables, cash and cash equivalents and investments in debt securities. In most transactions, the Group uses banks and financial institutions that are independently assessed with a rating of AAA, AA+, AA, AA-, A+, A and A-.

For the Group's credit sales, the Group applied a standard operating procedure for credit approval mechanism. With such practice, some portion of the Group's credit sales has been secured with a collateral/bank guarantee. For other credit sales without collateral/bank guarantee, the Group ensured that credit scoring, credit limit evaluation and credit approval were performed and provided prior to any sales to the customer.

The Group also has a Credit Management System to monitor the usage of credit limits and automatic blocking facility in the case of no payment starting from seven days after the maturity date. The Group will impose penalty for overdue payments in some sales contracts based on the result of each customer's credit evaluation.

(i) Third parties and related parties

Financial assets neither past due nor impaired

The credit quality of the Group's financial assets that are neither past due nor impaired, was assessed by referencing external credit ratings PT Pemeringkat Efek Indonesia ("Pefindo") or to historical information about counterparty default risk rates, as follows:

	As of March 31, 2019 (unadited)	December 31, 2018	2017	2016
Cash and cash equivalents				
Rated				
Rating AAA	6,907,823	7,285,583	5,654,815	6,179,970
Rating AA+	803,567	1,139,349	426,347	313,456
Rating AA	50,160	50,028	26,770	7,613
Rating AA-	2,359	3,528	2,581	35,090
Rating A+	1,404	1,381	31,699	14,714
Rating A	12,234	20,380	147,282	78,117
Rating A-	26,743	21,472	-	-
Not rated	517,820	590,591	120,333	92,608
Total	**8,322,110**	**9,112,312**	**6,409,827**	**6,721,568**
Restricted cash				
Rated				
Rating AAA	104,100	104,230	107,688	114,855
Rating A+	-	-	5	7,615
Rating A	-	-	224	227
Rating A-	462	462	-	-
Not rated	4,775	4,223	11,754	-
Total	**109,337**	**108,915**	**119,671**	**122,697**

(Expressed in thousands of United States Dollars, unless otherwise stated)

48. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

ii. Credit risk (continued)

(i) Third parties and related parties (continued)

Financial assets neither past due nor impaired (continued)

The credit quality of the Group's financial assets that are neither past due nor impaired, was assessed by referencing external credit ratings PT Pemeringkat Efek Indonesia ("Pefindo") or to historical information about counterparty default risk rates, as follows: (continued)

	As of March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Short-term investments				
Rated				
Rating AAA	37,659	25,332	19,022	22,358
Rating AA+	1,390	1,027	1,145	1,799
Rating AA	4,203	4,109	10,108	11,669
Rating AA-	3,178	3,129	3,085	4,964
Rating A	5,527	5,357	3,522	-
Rating A-	2,345	2,330	749	-
Rating BB+	-	-	-	5,195
Rating BBB+	-	-	1,870	1,635
Rating BBB	3,887	3,887	-	-
Rating BBB-	29,936	41,948	44,149	34,816
Not rated	210,296	138,080	165,632	48,384
Total	**298,421**	**225,199**	**249,282**	**130,820**
Long-term investments				
Rated				
Rating AAA	536	2,597	7,198	8,873
Rating AA	5,991	5,897	6,320	8,847
Rating BBB-	4,950	4,950	4,950	-
Rating BB+	-	-	-	2,000
Not rated	11,588	552	221	186
Total	**23,065**	**13,996**	**18,689**	**19,906**
Trade receivables				
Third parties				
> US$10,000 - Good credit history	1,589,891	1,335,703	945,008	850,886
< US$10,000	912	362	726	9,909
Related parties	626,615	675,922	251,453	394,209
Total	**2,217,418**	**2,011,987**	**1,197,187**	**1,255,004**
Other receivables				
Third parties				
> US$10,000 – good credit histories	741,118	661,979	570,683	582,970
< US$10,000	70	31	82	130
Related parties	165,072	148,777	253,389	236,205
Total	**906,260**	**810,787**	**824,154**	**819,305**
Other assets				
Third parties	86,568	80,287	80,349	135,481
Related parties	32,746	54,228	152,791	82,166
Total	**119,314**	**134,515**	**233,140**	**217,647**

(Expressed in thousands of United States Dollars, unless otherwise stated)

48. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

ii. Credit risk (continued)

(i) Third parties and related parties (continued)

Financial assets that are past due but not impaired

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Trade receivables				
- Less than 3 months	589,193	431,868	227,439	365,007
- 3 - 6 months	119,033	61,194	212,778	30,820
- 6 - 12 months	34,967	21,138	10,231	34,955
- 12 - 24 months	6,858	11,040	1,201	36,788
- > 24 months	7,511	11,561	2,194	2,499
Total	**757,562**	**536,801**	**453,843**	**470,069**
Other receivables				
- Less than 3 months	2,516	42,912	31,832	3,904
- 3 - 6 months	658	1,699	642	27,182
- 6 - 12 months	785	872	160	3,947
- 12 - 24 months	908	10,674	524	6,695
- > 24 months	5,135	5,476	921	3,669
Total	**10,002**	**61,633**	**34,079**	**45,397**
Related parties				
- Less than 3 months	8	9	141	391
- 3 - 6 months	11	7	2	-
- 6 - 12 months	30	49	1,332	24
- 12 - 24 months	21	15	68	-
- > 24 months	21	24	11	6,215
Total	**91**	**104**	**1,554**	**6,630**
Other assets				
Third parties	-	-	90,995	-
Related parties	11,152	10,679	-	4,066
Total	**11,152**	**10,679**	**90,995**	**4,066**

Trade receivables

Trade receivables from third parties and related parties that are past due but not impaired at the reporting date relate to customers who have not had defaults in the past two years. Some of the trade receivables from these customers have also been secured with collateral/bank guarantee.

Financial assets that are impaired

	March 31, 2019 (unaudited)	December 31, 2018	December 31, 2017	December 31, 2016
Trade receivables				
- Current (not overdue)	351,615	453,510	731,355	345,402
- Less than 3 months	236,196	182,954	179,382	422,487
- 3 - 6 months	137,956	70,803	81,009	41,370
- 6 - 12 months	80,277	10,541	26,250	8,647
- 12 - 24 months	41,402	45,159	69,412	466,339
- > 24 months	147,079	180,082	195,558	165,566
	994,525	943,049	1,282,966	1,449,811
Impairment	(245,281)	(260,731)	(258,353)	(310,164)
Net	**749,244**	**682,318**	**1,024,613**	**1,139,647**

(Expressed in thousands of United States Dollars, unless otherwise stated)

48. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

ii. Credit risk (continued)

(i) Third parties and related parties (continued)

Financial assets that are impaired (continued)

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Other receivables				
Related parties				
- Less than 3 months	20	-	110	31
- 3 - 6 months	-	-	31	3
- 6 - 12 months	5	297	1	-
- 12 - 24 months	28	-	1	-
- > 24 months	1,400	1,426	1,434	1,403
	1,453	**1,723**	**1,577**	**1,437**
Third parties				
- Less than 3 months	29,971	6,169	5,651	13,383
- 3 - 6 months	717	673	4,613	751
- 6 - 12 months	402	975	6,734	2,163
- 12 - 24 months	7,728	8,362	4,112	8,048
- > 24 months	11,985	12,631	13,057	8,591
	50,803	**28,810**	**34,167**	**32,936**
	52,256	30,533	35,744	34,373
Impairment	(23,387)	(19,567)	(20,017)	(13,068)
Net	**28,869**	**10,966**	**15,727**	**21,305**
Other assets				
Related parties				
- 12 - 24 months	-	-	-	-
- > 24 months	18,481	18,190	19,394	19,550
Third parties				
- Current (not overdue)	1,701	-	-	-
- 12 - 24 months	5,352	9,165	-	1,469
- > 24 months	-	-	17,023	20,707
	25,534	27,355	36,417	41,726
Impairment	(25,534)	(27,355)	(36,417)	(41,726)
Net	**-**	**-**	**-**	**-**

Trade receivables

Trade trade receivables from third parties and related parties as of March 31, 2019 amounting to US$3,969,505 has been impaired amounting to US$245,281, with the largest trade receivables from Government institutions and MoSOE, which is TNI/Kemhan amounting to US$433,760.

Other receivables

Other receivables from third parties and related parties as of March 31, 2019 US$927,042 have been impaired by US$18,180.

(Expressed in thousands of United States Dollars, unless otherwise stated)

48. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

ii. Credit risk (continued)

(ii) Government

Financial assets neither past due not impaired

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
The Company				
Receivables on revenue recognition from Disparity of Selling Price	3,029,233	2,924,148	-	-
Receivable of reimbursements of Subsidy costs for LPG 3 kg cylinders	1,471,665	1,147,538	1,404,911	1,068,920
Receivable of subsidy reimbursements for certain fuel (BBM) products	368,762	175,556	473,928	422,398
Receivables for marketing fees	77,179	72,489	49,902	-
Receivables from kerosene subsidies reimbursement	17,108	16,828	-	-
Kerosene conversion	10,767	10,626	-	-
Other receivables	-	-	102	14
Sub total	**4,974,714**	**4,347,185**	**1,928,843**	**1,491,332**
Subsidiaries:				
PEP				
- DMO fees	106,928	106,398	90,930	77,340
- Underfifting	-	18,942	-	-
PHE				
- DMO fees	18,357	15,414	25,859	25,613
- Underlifting	21,860	25,730	46,480	31,395
PEPC				
- Underlifting	423,189	224,904	174,563	79,966
PHI				
- DMO Fees	21,858	18,780	-	-
- Underlifting	-	1,056	-	-
Sub total	**592,192**	**411,224**	**337,832**	**214,314**
Total	**5,566,906**	**4,758,409**	**2,266,675**	**1,705,646**

Financial assets that are impaired

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
The Company				
Receivables for marketing fees	-	-	-	86,811
Provision for impairment	-	-	(110,936)	-
	-	-	(110,936)	86,811
Total consolidated	**5,566,906**	**4,758,409**	**2,155,739**	**1,792,457**

(Expressed in thousands of United States Dollars, unless otherwise stated)

48. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

iii. Liquidity risk

The amount of liquidity which the Group requires for its operations is uncertain and its operations may be adversely affected if the Group does not have sufficient working capital to meet its cash and operational requirements. This may occur as a result of, amongst other reasons, delays in the payment of the Government's subsidies.

The Group uses significant amounts of cash in its operations, especially to procure commodities and raw materials. In particular, one of its principal operating costs is the acquisition of feedstock for its refineries. Fluctuations in market prices for crude oil, natural gas and their refined products and fluctuations in exchange rates cause working capital and costs for the Group's upstream and downstream operations to be uncertain.

The Group funds its operations principally through cash flows from operations, a significant portion of which comprises sales, subsidy payments, working capital facilities (including bank overdrafts, L/C and revolving credit), and long-term bank loans. In accordance with the terms of PSO's assignment, the Group is required to submit its claims for subsidy to the Government at the end of each month for the subsidised fuel distributed in that month.

As of March 31, 2019, and December 31, 2018, 2017, and 2016 the Group has cash and cash equivalents in the amount of US$8,322,110, US$9,112,312, US$6,409,827, and US$6,721,568 respectively (Note 6). The Group manages liquidity risk by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of trade receivables and trade payables.

The table below summarizes the maturity profile of the Group's financial liabilities based on cash flow on contractual undiscounted payments:

	Less than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
March 31, 2019 (unaudited)				
Financial liabilities				
Short-term loans	3,671,397	-	-	3,671,397
Trade payables	3,290,095	-	-	3,290,095
Due to the Government	1,726,190	328,225	603,899	2,658,314
Accrued expenses	2,115,141	-	-	2,115,141
Other payables	1,468,529	-	-	1,468,529
Long-term liabilities	456,479	1,384,798	334,151	2,175,428
Bonds payable	611,409	5,888,039	14,088,112	20,587,560
Other non-current payables	-	78,524	39,600	118,124
Total financial liabilities	**13,339,240**	**7,679,586**	**15,065,762**	**36,084,588**

(Expressed in thousands of United States Dollars, unless otherwise stated)

48. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

iii. Liquidity risk (continued)

	Less than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
December 31, 2018				
Financial liabilities				
Short-term loans	4,347,035	-	-	4,347,035
Trade payables	3,676,558	-	-	3,676,558
Due to the Government	1,211,056	262,428	531,845	2,005,329
Accrued expenses	1,902,515	-	-	1,902,515
Other payables	1,257,437	-	-	1,257,437
Long-term liabilities	456,506	1,530,224	343,001	2,329,731
Bonds payable	611,409	5,886,768	14,088,112	20,586,289
Other non-current payables	-	120,591	58,314	178,905
Total financial liabilities	**13,462,516**	**7,800,011**	**15,021,272**	**36,283,799**
December 31, 2017				
Financial liabilities				
Short-term loans	452,879	-	-	452,879
Trade payables	3,949,398	-	-	3,949,398
Due to the Government	1,138,463	255,460	437,644	1,831,567
Accrued expenses	1,759,885	-	-	1,759,885
Other payables	1,178,119	-	-	1,178,119
Long-term liabilities	394,188	1,293,419	844,763	2,532,370
Bonds payable	575,969	4,625,314	14,773,197	19,974,480
Other non-current payables	-	84,373	-	84,373
Total financial liabilities	**9,448,901**	**6,258,566**	**16,055,604**	**31,763,071**
December 31, 2016				
Financial liabilities				
Short-term loans	230,293	-	-	230,293
Trade payables	3,409,205	-	-	3,409,205
Due to the Government	1,194,559	5,886	488,804	1,689,249
Accrued expenses	1,473,189	-	-	1,473,189
Other payables	1,077,755	-	-	1,077,755
Long-term liabilities	887,736	2,144,421	585,919	3,618,076
Bonds payable	490,969	3,235,755	15,643,533	19,370,257
Other non-current payables	-	62,903	-	62,903
Total financial liabilities	**8,763,706**	**5,448,965**	**16,718,256**	**30,930,927**

c. Capital management

The Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, retained earnings, non-controlling interests and other equity components. The Board of Directors ensures the return on capital as well as the level of dividends.

The Group as an entity whose main business involves oil and gas monitors capital on the basis of the debt-to-equity ratio. Net debt is calculated as total interest bearing borrowings including short-term and long-term, while total capital is calculated from equity in the consolidated statement of financial position. Weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) for March 31, 2019 and December 31, 2018, 2017, and 2016 were 5.35%, and 5.17%, 4.92% and 4.68%.

(Expressed in thousands of United States Dollars, unless otherwise stated)

48. RISK MANAGEMENT POLICY (continued)

c. Capital management (continued)

The Group's debt to equity ratio at the reporting date is as follows:

	March 31, 2019 (unaudited)	December 31, 2018	2017	2016
Total liabilities (interest bearing)	17,665,671	18,487,337	13,707,878	13,775,548
Total equity attributable to owners of the parent	27,718,913	27,598,721	25,124,718	23,665,987
Debt-to-equity ratio	63.73%	66.99%	54.56%	58.21%
Total own capital to total assets ratio	39.77%	40.31%	37.85%	36.82%
Return-on-equity ratio	2.10%	10.08%	12.62%	17.74%

d. Fair value

The following are the Group's financial assets that were measured at fair value as of March 31, 2019 (unaudited):

	Level 1	Level 2	Level 3	Total
Financial assets				
Short-term investments	248,729	48,999	693	298,421
Other investments - net	-	-	85,089	85,089
Total financial assets	**248,729**	**48,999**	**85,782**	**383,510**

As of March 31, 2019, there were no transfers of fair value measurement between level 1, level 2 and level 3.

The table below shows the carrying amounts and fair values of long-term financial liabilities as of March 31, 2019, and December 31, 2018, 2017, and 2016:

	March 31, 2019 (unaudited)	
	Carrying Amount	Fair Value
Long-term liabilities (Note 20)	2,075,214	2,159,257
Bonds payable (Note 21)	11,099,807	11,757,624
Total financial assets	**13,175,021**	**13,916,881**

	December 31,					
	Carrying Amount			Fair Value		
	2018	2017	2016	2018	2017	2016
Long-term liabilities (Note 20)	2,225,877	2,475,726	3,439,109	2,329,464	2,478,169	3,653,966
Bonds payable (Note 21)	11,094,096	10,385,873	9,772,656	11,101,427	11,504,854	9,849,462
Total financial assets	**13,319,973**	**12,861,599**	**13,211,765**	**13,430,891**	**13,983,023**	**13,503,428**

The fair value of long-term liabilities is measured using the discounted cash flows based on the interest rate on the latest long-term liabilities of the Group. The fair value of bonds payable is determined by reference to market price at the reporting date.

(Expressed in thousands of United States Dollars, unless otherwise stated)

49. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Cooperation contract commitment

In accordance with the Cooperation Contract, PT Pertamina EP shall relinquish minimum of 10% of the original contract area to the Government on or before the end of the tenth year from the effective date of the Cooperation Contract. On July 18, 2013, PT Pertamina EP relinquished 18.02% of initial working area to the Government.

PT Pertamina EP is required to pay a bonus to the Government amounting to US$1,500 in 30 days after cumulative production of oil and gas reaches 1,500 MMBOE from the effective date of the Cooperation Contract. PT Pertamina EP's cumulative production of oil and gas up to March 31, 2019 has not yet reached 1,500 MMBOE.

On March 31, 2019, PT Pertamina Hulu Energi had 15 exploration commitments in relation to PSC profit sharing contracts with commitments between US$11,750 to US$225,000 and 10 exploration commitments in relation to the Gross Split contract with a commitment amounting to US$15,550 to US$239,300.

PT Pertamina Hulu Indonesia has expenditure commitments and work plans with a commitment value between US$141,300 to US$703,000 with a period of six years from the effective date of the contract.

b. Capital commitments

The Group has capital expenditure commitments in the normal course of business. As of March 31, 2019, the Group's unrealized total outstanding capital expenditure commitments amounting to US$3,709,372.

c. Operating lease commitments - Group as lessee

Non-cancellable operating lease payments are as follows:

	For the three-month periods ended March 31,		For the years ended December 31,		
	2019 (unaudited)	2018 (unaudited)	2018	2017	2016
Less than one year	498,788	528,514	493,867	465,882	375,333
Between one to five years	557,713	624,907	559,313	571,611	525,309
More than five years	65,289	24,160	33,284	24,160	-
Total	**1,121,790**	**1,177,581**	**1,086,464**	**1,061,653**	**900,642**

The Group leases a number of vessels, office buildings, vehicles and IT facilities under operating leases. The leases typically run for a period of ten years, with an option to renew the lease.

Operating lease expense for three-months periods ended March 31, 2019 and 2018, and for the years ended December 31, 2018, 2017, and 2016, was US$182,704 (unaudited), US$64,766 (unaudited), US$343,868, US$782,362 and US$796,897 respectively.

d. Gas sale and purchase agreement

As of March 31, 2019, the Company through PT Pertamina EP has commitments to deliver gas amounting to 705,508 MMSCF to various customers. The gas will be periodically delivered from 2017 until 2029.

As of March 31, 2019, the Company, through PHE, has various significant gas supply agreements with various customers, with gas value of each contract between 0.8 TBTU to 1.418 TBTU. The expiration of these agreements ranges from 2019 until 2031.

As of March 31, 2019, the Company, through PHI, has significant gas sale and purchase agreement contracts with gas volumes of 0.8 TBTU up to 183.13 TBTU. These contracts will expire in 2018 to 2022.

As of March 31, 2019, the Company, through PGN has 39 Gas Sales and Purchase Agreements ("GSA") with working areas in Sumatera, Java and Kalimantan with contract periods of 10 - 30 years. The effective year of the agreement ranges from 1999 to 2019 and the year ends of the agreement ranges from 2019 to 2037.

Based on Indonesian Presidential Regulation No. 40 year 2016 on Natural Gas Pricing and Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia No. 40 year 2016 on Natural Gas Price for Specific Industries, the Company amended contract gas prices decline in gas sales agreements with the particular industry effective January 30, 2017.

49. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

e. LNG Long-term purchase contract commitment

The Company entered into a LNG Long Term Purchase Contract with several sellers for LNG trading business, with minimum purchase quantity per annum of each contract between 0.1 million MT to 1.5 million MT, with purchase price that linked to the related market price at the time of delivery of LNG. The term of those contracts ranges from 2018 until 2044.

f. Transfer of 10% participating interest (“PI”) to the regional government (“BUMD”)

ONWJ Block PSC

On December 19, 2017, PHE ONWJ and MUJ ONWJ signed a 10% PI transfer agreement at Blok ONWJ PSC from PHE ONWJ to MUJ ONWJ. The agreement is effective on the date of receipt of approval from the Minister of Energy and Mineral Resources or on the date stipulated by the Minister of Energy and Mineral Resources in his approval letter.

On May 17, 2018, the approval 10% of PI transfer in the ONWJ working area has been approved by the Minister of Energy and Mineral Resources through a Letter from the Minister of Energy and Mineral Resources to the Head of SKK Migas No. 2803/13/MEM.M/2018. Stated in the letter, the date of the transfer of PHE ONWJ to MUJ ONWJ is from the effective date of the Block ONWJ PSC.

On December 17, 2018, the PI transfer value was determined through a Letter from the Minister of Energy and Mineral Resources to the Head of SKK Migas No. 3149/12/MEM.M/2018. The transfer value is calculated from the BUMD's liability for the portion of the implementation guarantee (Performance Bond) for the implementation of a definite work commitment and the portion of the unrecovered cost payment by the new KKS Contractor to the old KKS Contractor with a value of US$43,292.

As discussed in Note 4k, PHE ONWJ and MUJ ONWJ have signed an addendum on the transfer agreement and management of 10% at ONWJ PSC. Where the accumulation of net profit-sharing and liability of a 10% PI transfer MUJ ONWJ from January 19, 2017 to December 31, 2018 is US$ 16,302,702 (full amount). Settlement of such obligations was completed on February 8, 2019.

SIAK PSC

On August 7, 2018, PHE Siak and PT Riau Petroleum Siak agreed to sign an agreement to transfer and operate a 10% participating interest in accordance with Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia No.37 year 2016 on Offering Terms of 10% PI in Oil and Gas Block.

g. Legal case

i. PT Golden Spike Energy Indonesia (“GSEI”) lawsuit

PT Golden Spike Energy Indonesia (“GSEI”) and PT Pertamina Hulu Energi Raja Tempirai (“PHE RT”) are holders of 50% participating interests each in the Raja Block PSC.

On April 5, 2013, GSEI submitted a civil lawsuit against PHE RT in the Central Jakarta District Court on the basis that operations conducted during the exploration period were GSEI’s Sole Risk Operations and therefore only GSEI was entitled to receive compensation.

The court, objection, cessation and arbitration processes have been finalized. On February 17, 2017, the ICC Arbitration has issued the third and final award which decided the case in favor of PHE RT.

Such ICC’s third and final award has been registered and received by the Central Jakarta District Court based on the Deed No. 02/Pdt/Arb-Int/2017/PN.Jkt.Pst dated June 14, 2017.

Furthermore, to execute the Third and Final Award above, PHE RT has submitted an executive application to the Central Jakarta District Court on December 13, 2017 and has been responded in 2018.

As of the completion date of these consolidated financial statements, PHE RT is in the process of ‘aanmaning’ to the Central Jakarta District Court.

49. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

g. Legal Case (continued)

ii. PT Bakrie Harper Corporation lawsuit

On November 20, 1996, the Company entered into a Build and Rent Agreement in the form of Development, Operation, Lease and Maintenance of Piping Kertapati-Jambi ("Pipeline Project Work") No.SPB-1474A/C000/96 with PT Bakrie Harper (formerly PT Bakrie Harper Corporation - "Bakrie"). Total Pipeline Project Work Value and Rental fee was US$144,068 and US$16,703 (excluding VAT), respectively. The lease term for such project is 10 years with commencement date of the project development on May 19, 1997.

Due to the monetary crisis in 1998, the Company delay the Pipeline Project Work and renegotiated the project value. In 2001, both parties agreed to appoint Deloitte Touche ("Deloitte") as an independent party to audit fair market costs of the Pipeline Project Works. Based on the Deloitte audit report issued in 2001, fair market costs and rental costs were US$92,125 and US$7,616 respectively.

On August 27, 2002, the Company appointed the BPKP to perform due diligence to obtain the fair market value of the costs incurred by Bakrie for such project from commencement date of through the date when the project development ceased. Based on the BPKP’s report issued on December 23, 2003, it is noted that the physical progress of the Pipeline Project Work was 10.6853% with a fair value of US$15,394 exclude the compensation for investment costs incurred. BPKP also noted that the Pipeline Project Work is no longer economics and feasible to continue.

On June 9, 2017, both parties agreed to settle the case through the Indonesian National Arbitration Board ("BANI"). The amount claimed by Bakrie is US$15,394 for physical progress work and US$17,307 for 14 years of interest. Based on BANI decision No. 969/VIII/ARB-BANI/2017 dated February 21, 2018, it is noted that the Pipeline Project Work agreement is already expired, the physical progress of the Pipeline Project Work is 10.6853% and the Company should pay to Bakrie the amount of US$15,856, which consists of compensation and total interest to Bakrie amounting to US$15,394 and US$462, respectively.

On April 16, 2018, the Company appointed the Attorney General's Office of the Republic of Indonesia ("Jamdatun") to provide legal assistance and to propose Legal action related to BANI decision. The Company is willing to settle BANI decision with condition that the payment made by the Company is based on BPK report and should be supported by adequate documents, including land rights with value equal to the payment will be made by the Company. The cancellation claim has been submitted by Jamdatun through the Central Jakarta District Court but was refused. Based on the advice of the State Attorney, in the event that Bakrie submitted an attempt to execute the BANI verdict, the Company has the option to file a lawsuit against the execution.

h. Onerous contract

The Public Service Obligation (“PSO”) assignment to supply fuel products

The Company has a relationship with the Government for the assignment of PSO to supply certain fuel products. The Company and the Government agreed to use Mean of Platts Singapore ("MOPS") as the basis for the market price of fuel projects use to calculate the amount of subsidies. However, the retail selling price of certain fuel products issued by the Ministry of Energy and Mineral Resources during 2017 and 2018 cannot cover all costs for procuring and distributing fuel products which resulted losses from the sale of PSO fuel products for the three-month periods ended March 31, 2019 and 2018, and for the years ended December 31, 2018, 2017, and 2016.

i. Reimbursement of investment costs to previous PSC contractors

The regulation of the Minister of Energy and Mineral Resources No. 26/2017, No. 47/2017, No. 24/2018 and No. 46/2018 require new PSC contractors to reimburse certain investment costs spent by the previous PSC contractors which have not been recovered at the time the PSC expired. The amount to be reimbursed is based on verification and approval from SKK Migas. Based on letter SRT-0665/SKKMA0000/2018/S4 dated August 13, 2018 from SKK Migas, the amount to be reimbursed by Pertamina Hulu Sanga-Sanga (PHSS) to the previous Sanga-Sanga PSC contractors amount to US$111.9 million. PHSS disagree with the amount and is in the process of obtaining assistance from the relevant institution to verify the amount to be paid. As of March 31, 2019, the amount of investment costs to be reimbursed to the previous Sanga-Sanga PSC contractors has not been recognized.

(Expressed in thousands of United States Dollars, unless otherwise stated)

50. EVENTS AFTER THE REPORTING PERIOD

a. Changes in the composition of the Board of Commissioners

Based on the decision of the GMS No. SK-86/MBU/04/2019 dated April 30, 2019, Gatot Trihargo has been appointed as the new Commissioner of the Company. Based on the same GMS decision, Sahala Lumban Gaol and Ahmad Bambang were honorably dismissed from their respective positions as the Company's Board of Commissioners. Thus, the composition of the Board of Commissioners is as follows:

President Commissioner	Tanri Abeng
Vice President Commissioner	Arcandra Tahar
Commissioner	Alexander Lay
Commissioner	Ego Syahrial
Commissioner	Gatot Trihargo
Commissioner	Suahasil Nazara

b. PCS gross split Rokan Block

The Rokan Block PSC agreement was signed on May 9, 2019 between SKK Migas and PHR for a period of 20 years. The PSC contract lays out the production sharing split for both crude oil and natural gas. For both crude oil and natural gas, the PSC contract uses the gross split concept with an additional discretion of 8%.

For crude oil, this results in a 65% contractor and 35% government split for Duri working area fields, and a split of 61% contractor and 39% government split for Non-Duri working area fields.

For natural gas production split, the split is 70% contractor and 30% government for Duri working area fields, and a split of 66% contractor and 34% government for Non-Duri working area fields.

c. Tax Administration Charge Annulment

On April 9, 2019, the Company obtained from DGT decision number KEP-00297/NKEB/WPJ.19/2019 regarding the write-off STP VAT penalties for fiscal year 2016 amounted Rp400.93 billion (equivalent to US$28,147) (Note 40a).

d. General Meeting of Shareholders (“GMS”)

On May 31, 2019, the Company held GMS for fiscal year 2018. Based on minutes of meeting, the shareholders approved, among other things, the utilization of 2018 net income of the Company to be as follows:

- Distribution of dividends amounting to Rp7.95 trillion (equivalent to US$558,043).
- The remaining amount of US$1,968,729 as reserve to support operations and corporate development.

e. Trustee Borrowing Structure Mechanism (“TBS”)

On June 13, 2019, PEPC through a TBS obtained the following financing facilities for JTB project development with a total facility of US$1,846,400:

- Jambaran-Tiung Biru Loan Agreement, which was signed by the Trustee, MUFG Bank Ltd. as Agent and Lenders, with a total facility of US$700,000 from Tranche A and US$1,046,400 from Tranche B. The loan bears interest at a rate of LIBOR + applicable margin of 2.95% for Tranche A and LIBOR + applicable margin of 2.15% for Tranche B.
- Jambaran-Tiung Biru Wakala Agreement, which was signed by the Trustee and MUFG Bank (Malaysia) Berhad as Investment Agent, with a total facility of US$40,000 from Tranche A and US$60,000 from Tranche B. The loan bears interest at a rate of LIBOR + applicable margin of 2.95% for Tranche A and LIBOR + applicable margin of 2.15% for Tranche B.

The Tranche A loan principal is repayable on a semi-annual basis with the first payment due on March 31, 2022 and the final payment due on March 31, 2034. The Tranche B loan principal is repayable on a semi-annual basis with the first payment due on March 31, 2022 and the final payment due on March 31, 2029. There has been no drawdown made through the date of this financial statements.